Explanatory Memorandum
by the
Secretary of State for India
(Accounts & Estimates)
for the period
1921-1922 to 1932-1933 & 1934-35 to 1936-1937

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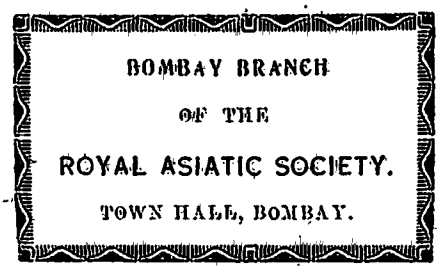

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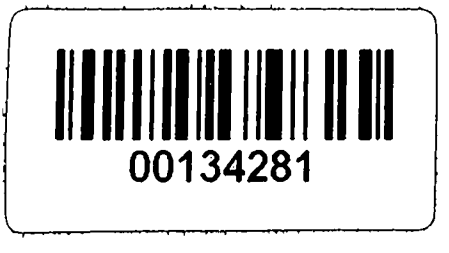
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EAST INDIA: ACCOUNTS AND ESTIMATES, 1921-1922.

EXPLANATORY MEMORANDUM

BY THE

SECRETARY OF STATE FOR INDIA.

Presented to Parliament by Command of His Majesty

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MEMORANDUM

BY THE

SECRETARY OF STATE FOR INDIA

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA for 1919-20 and the ESTIMATES for 1920-21 and 1921-22.

INTRODUCTORY.

The figures of Revenue and Expenditure given in this Memorandum are considerably smaller than the amounts shown in those issued in previous years, and it is thought that some explanation is required of this fact, and of certain changes in the form in which the Accounts are presented.

The Government of India Act, 1919, was designed *inter alia* to secure a greater measure of independence for Provincial Governments, and to this end provision was made, in the Act and in Rules subsequently published under authority of the Act, for the delimitation of the functions of Government, as between the Government of India and the chief Provincial Governments, and for the definite assignment to each of these Provincial Governments of a part of the revenues of India. Effect has been given to these measures of devolution in the eight " Governors' Provinces " (viz. : Bengal, Madras, Bombay, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces, Assam) and in Burma. As regards these nine provinces the functions of Government have been classified as either " central subjects " or " provincial subjects." A general authority to control all matters coming under the latter head, subject to certain expressed provisos, is devolved upon the Provincial Governments concerned.

To meet the expenditure necessarily involved in performing their administrative functions, certain definite sources of revenue have been given to local Governments as sources of provincial revenue. These consist, in the main, of the receipts accruing from provincial loans and from those provincial subjects which are revenue producing, the principal heads of which are Land Revenue, Irrigation, Stamp Duties and Excise. In addition, a

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local Government is given a share in any expansion of Income Tax (otherwise a " central " source of revenue) due to an increase of the assessed incomes within the Province ; the amount allocated is, in effect, three pies in the rupee on the amount by which the total of assessed incomes in any year exceeds the total thereof in the year 1920–21.

This division of the sources of revenue leaves the Central Government, under present conditions, insufficiently provided. It has therefore been arranged that an annual contribution shall be made by eight of the nine local Governments to the Central Government. The annual contributions fixed at the outset aggregate 983 lakhs of rupees. They are not, except in case of emergency and with the sanction of the Secretary of State, to be subject to increase, and if reduction of the aggregate is found possible reductions are to be made in fixed proportions from the quotas of the several Provinces. The general policy in the matter will be a progressive reduction of provincial contributions with a view to their ultimate cessation.

The revised financial arrangements outlined above came into force from the 1st April, 1921, as from which date all " provincial " revenue and expenditure ceased to be included in the estimates and accounts of the Central Government. The result is a considerable diminution, in the present financial year, of the amounts shown under a number of heads and in the totals of revenue and expenditure. Opportunity has also been taken to revise, as from the same date, the classification of account heads. Any comparison of the present year's figures with those given under the same heads in the accounts of former years could not but be misleading. The latter have therefore, for purposes of comparison, been recalculated ; and the figures shown in this Memorandum for 1919–20 (Accounts) and 1920–21 (Budget and Revised Estimates) are approximate figures representing what the amounts would have been had the new division of revenue and expenditure between the Central and Provincial Governments, and the new classification of account heads, been in force in those years.

As regards the revenue and expenditure account the principal changes in classification, apart from minor changes of nomenclature, are : (1) the grouping of " currency, mint, and exchange " together ; and (2) the inclusion in the miscellaneous item " Other heads," in the general statement, of three heads which were formerly " principal " heads of revenue, viz. : Land Revenue, Stamps, and Excise. These three heads relate to Provincial subjects, and the amounts shown in the Central Government's accounts have therefore shrunk to the comparatively small amounts accruing in those Provinces which, being excepted from the scheme of devolution, are still directly administered by the Central Government. In addition there

is (3) the new head, directly resulting from the division of revenues, "Contributions and Assignments to the Central Government by Provincial Governments." The item "Famine Relief and Insurance" has become a minor head in the accounts of the Government of India since expenditure on famine and the formation of famine insurance funds in the Governors' Provinces and Burma are now a liability of the Local Governments concerned.

In former issues of the Explanatory Memorandum, rupees were converted into sterling at the rate of Rs. 15 = £1, and all figures were shown in sterling. In the present issue all figures other than those of a purely sterling nature, such as, e.g., Home charges, are shown in rupees, and for this purpose sterling has been converted into rupees subject to the adjustments described on page 27 on the basis of £1 = Rs. 10, on which the Government of India's accounts have been kept since 1st April, 1920. The accounts for 1919–20 and the Budget estimates of 1920–21, which were prepared at the old ratio of £1, = Rs. 15, have for purposes of comparison, been recast on this basis. For the purpose of compiling the Revised Estimate for 1920-21 and the Budget of 1921-22 the average rate of exchange for these years was taken at 1s. 9d. and 1s. 8d. respectively.

REVENUE AND EXPENDITURE

Gross Revenue and Expenditure.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follow :—

Gross Revenue and Expenditure.	Accounts, 1919–20.	Revised Estimate, 1920–21.	Budget, 1921–22.
	Rs.	Rs.	Rs.
Revenue	117,37,26,657	114,48,90,000	128,31,43,000
Expenditure	138,19,16,487	134,94,69,000	127,60,43,000
Surplus or *Deficit* ..	*20,81,89,830*	*20,45,79,000*	71,00,000

In these figures receipts are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure.

The figures of Gross Revenue just given include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges, the total receipts from the sale of opium, and the receipts of certain spending departments; while the figures of Gross Expenditure include the interest charges of commercial undertakings, and the cost of cultivation and manufacture of opium. This method of compiling the figures causes the revenue available for administrative purposes and the expenditure on such purposes to appear greater than they really are, and it is accordingly the practice to present to Parliament an annual statement of Net Income and Expenditure (*see* H. of C. 116 of 1921), in which is shown the net revenue derived from commercial undertakings, after deducting all expenditure including interest charges, and similar adjustments are made under other heads of revenue and expenditure by deducting (1) the cost of cultivation and manufacture of opium from sale receipts, and (2) the receipts of the spending departments from the gross expenditure incurred by them. The cost of the establishments maintained for the collection of revenue is not shown as a deduction from revenue but as a separate head of expenditure. In the following table the Net Revenue and Expenditure of the Central Government for 1919–20, 1920–21, and 1921–22 are calculated in the manner mentioned above.

Net Revenue.

	Accounts, 1919–20.		Revised Estimate, 1920–21.		Budget, 1921–22.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Principal Heads of Revenue :—*						
1. Customs ..	21,46,69,935		32,37,80,000		37,73,28,000	
2. Taxes on Income ..	22,43,41,180		19,77,78,000		18,58,07,000	
3. Salt	5,70,83,914		6,14,93,000		7,00,66,000	
4. Opium ..	3,25,07,296		2,38,87,000		2,20,31,000	
5. Other Heads	2,28,51,068		2,34,01,000		2,44,80,000	
		55,14,53,393		63,03,39,000		67,97,12,000
II. *Commercial Undertakings :—*						
1. Railways ..	13,81,01,444		4,55,38,000		4,08,50,000	
2. Irrigation ..	*—13,40,794*		*—7,74,000*		*—7,52,000*	
3. Posts and Telegraphs ..	2,35,67,983		*—4,76,000*		1,10,72,000	
		16,03,28,633		4,42,88,000		5,11,70,000
III. *Currency, Mint and Exchange :—*						
1. Currency ..	2,55,84,059		1,31,28,000		*—62,86,000*	
2. Mint ..	2,18,95,279		40,42,000		22,33,000	
3. Exchange ..			*—2,63,30,000*		*—3,28,54,000*	
		4,74,79,338		*—91,60,000*		*—3,69,07,000*
IV. *Provincial Contributions and Adjustments* ..		9,19,76,000		9,19,76,000		12,30,91,000
V. *Miscellaneous Civil Receipts* ..		1,49,57,897		1,86,93,000		7,26,27,000
Total Net Revenue ..		86,61,95,261		77,61,36,000		88,96,93,000

Net Expenditure.

	Accounts, 1919–20.		Revised Estimate, 1920–21.		Budget, 1921–22.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Debt Services* ..		9,35,93,382		10,03,08,000		9,59,52,000
II. *Military Services* :—						
1. Army ..	76,37,35,978		64,20,58,000		56,50,04,000	
2. Marine ..	1,20,64,545		89,92,000		85,26,000	
3. Military Works	5,76,79,575		5,89,27,000		4,84,70,000	
		83,34,80,098		70,99,77,000		62,20,00,000
III. *Collection of Revenue*		2,20,39,240		2,67,42,000		3,40,97,000
IV. *Civil Administration*						
1. Audit ..	42,91,693		55,79,000		64,65,000	
2. Political ..	3,13,73,723		3,23,38,000		2,09,63,000	
3. Other charges	3,81,22,886		4,64,71,000		4,92,55,000	
		7,37,88,302		8,43,88,000		7,66,83,000
V. *Miscellaneous Civil Charges* ..		3,74,99,212		4,26,27,000		3,97,88,000
VI. *Buildings, Roads and Miscellaneous Public Improvements*		1,39,84,857		1,66,73,000		1,40,73,000
Total Net Expenditure charged against Revenue		107,43,85,091		98,07,15,000		88,25,93,000
Surplus or *Deficit* ..		*—20,81,89,830*		*—20,45,79,000*		71,00,000

Accounts, 1919–20.

It will be seen from the table that the final accounts for 1919–20 show a deficit of Rs. 20,81,89,830.

Revised Estimate, 1920–21.

In regard to taxation, the excess profits duty imposed for 1919–20 was discontinued. The super-tax law was amended, with the objects (*a*) of bringing the law relating to super-tax into relation with that governing income-tax, and (*b*) of replacing the super-tax on the undivided profits of companies and firms by a new super-tax at a flat rate on the whole taxable income of companies in excess of Rs. 50,000.

Budget, 1921-22.

In framing the Budget for 1921-22, the Government of India estimated that the expenditure during the year, chargeable to Central Revenues, would be Rs. 128 crores, as against a revenue (on the basis of existing taxation, and including the provincial contributions of 983 lakhs) amounting to Rs. 110½ crores. To meet this deficiency, additional taxation has been imposed as shown below under the four heads, Postal Charges, Railway Surcharge, Import Duties and Taxes on Income.

The increase in revenue which was estimated to accrue from the additional taxation was as follows :—

	Lakhs of Rs.
Postal Charges	71
Railway Surcharge	5,35
Import Duties	8,17
Taxes on Income	3,25
Total ..	17,48

(I.)—Postal Charges.

Letters.—The weight carried for ½ anna has been reduced from 1 tola (⅔ oz.) to ½ tola. The charge for a letter not exceeding 1 tola is raised to 9 pies. The charge for one not exceeding 2½ tolas, and for each additional 2½ tolas, remains 1 anna.

Registered Newspapers.—The charge is raised from ½ anna for each 40 tolas to ½ anna for each 20 tolas. Newspapers not exceeding 8 tolas are still carried for ¼ anna.

Book, Pattern and Sample Packets.—½ anna per 5 tolas instead of ½ anna per 10 tolas.

Inland Money Orders.—The new rates are: not exceeding Rs. 10, 2 annas; not exceeding Rs. 25, and for each further complete Rs. 25, 4 annas; remainder, not exceeding Rs. 10, 2 annas; exceeding Rs. 10, 4 annas. (The intermediate rates of 1 anna for Rs. 5 and 3 annas for Rs. 15 have been abolished.)

(II.)—Railway Surcharge.

The basis of assessment has been altered from weight of goods to amount of freight.

Former Scale :—

Coal, Coke and Firewood	1 pie per Indian maund (82⅔ lb. Av.)
Other Goods	2 pies per Indian maund

Present Scale :—

Food-grains, Pulses, Firewood and Fodder ..	Nil.
Other Goods, by Railway	2½ annas per Re. of net freight payable.
Other Goods, by Inland Steam-vessel ..	1¼ „ „ „ „

The surcharge is intended to be of temporary duration and to be replaced at an early date by a readjusted scale of railway rates.

(III.)—Import Duties.

The following "luxury" articles are now liable to an *ad valorem* duty of 20 per cent. instead of 7½ per cent. as formerly :— Confectionery, motor cars, motor cycles, motor scooters, bicycles and tricycles, and parts and accessories thereof; clocks, watches, and parts thereof; electro-plated ware; musical instruments; glass bangles, beads and false pearls; silk piece goods and other manufactures of silk; cinematograph films; fireworks; ivory (manufactured); jewellery and gold and *silver manufactures; pictures; pneumatic tyres; smokers' requisites (other than tobacco and matches); toys and requisites for games and sports.

In the case of all articles formerly liable to *ad valorem* duty of 7½ per cent., with the exception of matches (*see* overleaf), petroleum and spirits rendered unfit for human consumption (unchanged), and the articles named in the preceding paragraph, the duty has been raised to 11 per cent. *ad valorem.*

* Silver manufactures: the former duty was 10 per cent.

Other alterations have been made as shown in the following table :—

	Unit or Method of Assessment.	Former Duty.	Present Duty.
		Rs. a. p.	Rs. a. p.
1. *Liquors* :—			
Ale, beer, porter, cider and other fermented liquors ..	Imperial gallon or six quart bottles.	4 6	6 6
Perfumed spirits	Do.	18 12 0	30 0 0
Liqueurs, cordials, mixtures and other preparations containing spirit :—			
(*a*) Entered in such manner as to indicate that strength is not to be tested.	Do.	14 10 0	25 0 0
(*b*) If tested	Imperial gallon or six quart bottles (of the strength of London proof)	11 4 0	18 12 0
Other sorts of spirit (excluding that rendered unfit for human consumption)	Do.	11 4 0	18 12 0
Wines :—			
Champagne and all other sparkling wines not containing *more than 42 per cent. of proof spirit ..	Imperial gallon or six quart bottles.	4 6 0	9 0 0
Other wines not containing *more than 42 per cent. of proof spirit.	Do.	1 12 0	4 8 0
2. *Sugar* (excluding confectionery, but including molasses and saccharine produce).	*ad valorem*	10 per cent.	15 per cent.
3. *Tobacco* :—			
Cigars and cigarettes	*ad valorem*	50 per cent.	75 per cent.
		Rs. a. p.	Rs. a. p.
Other sorts of manufactured tobacco†	lb.	1 8 0	2 4 0
4. *Matches* :—			
In boxes containing not more than 100 matches ..	—	7½ per cent. *ad valorem*	12 annas per gross of boxes.
In boxes containing more than 100 matches	—	Do.	12 annas (per gross of boxes) for every 100 matches or fraction thereof in each box.

* Wines containing more than 42 per cent. of proof spirit are liable at the rate applicable for "Other sorts of spirit."

† The duty on unmanufactured tobacco remains Re. 1 per lb.

(IV.)—Taxes on Income.

(*A*) *Income Tax.*

Former Limits.	*Rate (in the rupee)*	*Present Limits.*
I. Taxable income less than Rs. 2,000 ..	nil	I. Taxable income less than Rs. 2,000 ..
I. Taxable income Rs. 2,000 or upwards and :—	a. p.	II. Taxable income Rs. 2,000 or upwards and :—
(i) Total income less than Rs. 5,000	5	(i) Total income less than Rs. 5,000 ..
(ii) Total income Rs. 5,000 but less than Rs. 10,000	6	(ii) Total income Rs. 5,000 but less than Rs. 10,000.
(iii) Total income Rs. 10,000 but less than Rs. 25,000.	9	(iii) Total income Rs. 10,000 but less than Rs. 20,000
(iv) Total income Rs. 25,000 or upwards.	1 0	(iv) Total income Rs. 20,000 but less than Rs. 30,000.
	1 2	(v) Total income Rs. 30,000 but less than Rs. 40,000.
	1 4	(vi) Total income Rs. 40,000 or upwards.

(B) *Super Tax.*

	Former Rate. Annas in the Rupee.	*Present Rate.* Annas in the Rupee.
A. *By every individual, unregistered firm and Hindu undivided family*—		
(1) Where the taxable income does not exceed one lakh of rupees :—*		
(*a*) in the case of a Hindu undivided family—		
(i) in respect of the first Rs. 75,000 of taxable income	*nil*	*nil*
(ii) in respect of the next Rs. 25,000 of taxable income	1	1
(*b*) in all other cases—		
(i) in respect of the first Rs. 50,000 of taxable income	*nil*	*nil*
(ii) in respect of the next Rs. 50,000 of taxable income	1	1
(2) In respect of the first Rs. 50,000 of taxable income over one lakh ..	1½	1½
(3) In respect of the next Rs. 50,000 of taxable income	2	2
(4) In respect of the next Rs. 50,000 of taxable income	2½	2½
(5) In respect of the next Rs. 50,000 of taxable income	3†	3
(6) In respect of the next Rs. 50,000 of taxable income	—	3½
(7) In respect of all taxable income over three and a half lakhs	—	4
B. *By every Company upon the amount by which its taxable income exceeds Rs.* 50,000 ..	1	1

* By the Indian Finance Act, 1921, is substituted the phrase "In respect of the first lakh of rupees of taxable income."

† In respect of all taxable income over 2½ lakhs.

Budget Estimates of Net Revenue and Expenditure, 1921–22.

The net revenue and expenditure are estimated as follows :—

	Rs.
Net Revenue	88,96,93,000
Net Expenditure	88,25,93,000
Surplus	71,00,000

As compared with the Revised Estimate for 1920–21, these figures show an increase of Rs. 11,35,57,000 in net revenue, a decrease of Rs. 9,81,22,000 in net expenditure, and an estimated surplus of Rs. 71,00,000 as compared with an estimated deficit of Rs. 20,45,79,000.

The increases and decreases in the Budget as compared with the Revised Estimate for 1920–21 in detail are as follows :—

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Miscellaneous Civil Receipts	5,39,34,000	Currency	1,94,14,000
Customs	5,35,48,090	Taxes on Income ..	1,19,71,000
Provincial Adjustments and Contributions	3,11,15,000	Exchange	65,24,000
		Railways	46,88,000
		Opium	18,56,000
		Mint	18,09,000
Posts and Telegraphs	1,15,48,000		
Salt	85,73,000		
Irrigation	22,000		
Other Heads ..	10,79,000		
Total ..	15,98,19,000	Total	4,62,62,000

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Collection of Revenue	73,55,000	Army	7,70,54,000
Civil Administration, other charges ..	27,84,000	Political	1,13,75,000
Audit	8,86,000	Military Works ..	1,04,57,000
		Debt Services.. ..	43,56,000
		Miscellaneous Civil Charges	28,39,000
		Buildings, Roads, &c.	26,00,000
		Marine	4,66,000
Total	1,10,25,000	Total	10,91,47,000

Notes on the Heads under which the principal variations occur will be found in Appendix I.

DEBT TRANSACTIONS AND CAPITAL EXPENDITURE.

Debt Transactions.

1920–21.—The Government of India issued an Income Tax-free loan in India in two forms :—

(i) Bonds at par, bearing interest at 6 per cent. and maturing in 1930 ;

(ii) Loan at 95, bearing interest at 5 per cent., and maturing not before 1945 and not later than 1955.

Conversion facilities were provided for all issues of Indian War Bonds.

The total amounts subscribed were as follows :—

	Cash.	Securities.	Post Office.	Total.
	Rs.	*Rs.*	*Rs.*	*Rs.*
6% Bonds ..	10,81,36,580	17,60,90,320	92,42,500	29,34,69,400
5% Loan ..	7,34,660	31,25,440	1,78,000	40,38,100
				29,75,07,500

The Temporary Debt was increased during the year, according to the revised estimate, by Rs. 23,07 lakhs, and £492,000 Railway Debentures were discharged.

Except for the period during which the loan remained open, the issue of Treasury Bills continued throughout 1920–21. The amount outstanding on 31st March, 1921, was Rs. 1,04,99,55,000, of which Rs. 61,26,00,000 was held on account of the Paper Currency Reserve.

1921–22. The budget provided for a capital outlay of Rs. 17·8 crores on railways, and for the discharge of :—

Rs. 4,31,40,000 Treasury Bills ;

Rs. 15,41,56,000 5½ per cent. War Bonds, 1921, and also for

Rs. 68,73,000 5½ per cent. War Bonds, 1920, which were not presented for repayment on maturity.

It further provided for the issue of a Rupee Loan in India, the proceeds of which were provisionally estimated at Rs. 15 crores ; and of a Sterling Loan of £5,000,000.

The Sterling Loan was actually issued in April, 1921, in the form of stock or bonds, 1926–31, at par, carrying interest at the rate of 7 per cent. per annum, to the amount of £7,500,000, with certain conversion rights into 3 per cent. stock. It was announced at the time of issue that the entire proceeds would be utilised for the purchase of railway material in the United Kingdom.

The Rupee Loan was opened in June, 1921. The loan is unlimited in amount and is being issued in the form of five and ten-year bonds at par, carrying interest at 6 per cent.

per annum free of Indian Income Tax; subscriptions are admissible in cash, Indian War Bonds, 1921 and 1922, and Indian Treasury Bills.

By the 10th September, 1921, the subscriptions had reached the amount of Rs. 46 crores.

Railways.

On the 31st March, 1920, the length of railways in India open for traffic was 36,735 miles, of which 119 miles were opened in the preceding twelve months. The total route mileage under construction or sanctioned for construction at the close of the year was 1,822 miles.

The capital expenditure on railways shown in the Government Accounts for 1919–20 and Estimates for 1920–21 and 1921–22 is as follows:—

	Accounts, 1919–20.	Revised Estimate, 1920–21.	Budget, 1921–22.
	Rs.	*Rs.*	*Rs.*
(A) Outlay on lines worked by the State and by guaranteed companies:—			
(1) From funds provided by the State ..	14,18,87,842	24,60,51,000	13,82,22,000
(2) From funds raised through companies or provided from other sources ..	*— 53,121*	*— 7,03,000*	3,99,34,000
	14,18,34,721	24,53,48,000	17,81,56,000
(B) Deposits of branch line companies ..	*— 39,543*	2,95,000	1,53,000
Total ..	*14,17,95,178	*24,56,43,000	*17,83,09,000

In 1919–20 the net traffic receipts, *i.e.*, the gross receipts after paying working expenses but not interest charges, of open lines in which the Government is directly interested gave a return of 6·196 per cent. on the mean of the capital expenditure at the beginning and end of the year. (*See* App. II. (*b*).)

Posts and Telegraphs.

In the Budget for 1921–22 provision of Rs. 1 crore has been made under a new head, for capital outlay which is expected to be of a productive character. Previously all expenditure on the Posts and Telegraphs Departments, inclusive of capital outlay, has been charged to Revenue.

* The figure in the above table has been arrived at after allowing for adjustment in respect of exchange, as part of the credit or debit budgeted under this head is allocated to Railway capital account.

Expenditure on the new capital at Delhi.

The capital expenditure incurred, or estimated to be incurred, during the three financial years under review, on permanent works at Delhi is as follows :—

	Rs.
1919–20 (Accounts)	50,35,427
1920–21 (Revised Estimate) ..	1,24,21,000
1921–22 (Budget Estimate) ..	1,06,89,000

The total actual expenditure incurred up to 31st March, 1920, is Rs. 3,56,25,000.

Debt, Liabilities, and Assets.

The total permanent debt is classified in the Accounts as (1) Public Works Debt, and (2) Ordinary Debt. The amount entered as belonging to the former category is the equivalent of the total capital expenditure which has been incurred by the State on Railways and Irrigation Works, including the amount advanced to Railway Companies for capital expenditure ; the " Ordinary Debt " consists of the difference between the total debt in existence and the amount entered as Public Works Debt. The effect of this system of classification is to decrease the amount of the Ordinary Debt, with a corresponding increase in the Public Works Debt, in any year in which the capital expenditure on Public Works exceeds the amount of debt incurred in the year, e.g., owing to the use of surplus revenue or deposits for construction.

In the following table the sterling and rupee debts of India have been combined at the rate of Rs. 10 = £1, and for comparative purposes the same basis has been used for previous years. It will be seen from the table that on this basis of calculation the ordinary debt of India in the years 1915, 1916 and 1917 had, by the process already described, been reduced to a minus quantity ; *i.e.*, the total outstanding debt was then less than the total sum which had been spent by the Government of India on Railways and Irrigation. This position was altered in subsequent years owing to a portion of the first Indian War Loan being raised in 1916–17, and owing to the contribution of £100,000,000 made by India in 1917–18 towards the cost of the war.

	31/3/15.	31/3/16.	31/3/17.	31/3/18.
Productive Debt:—	Rs.	Rs.	Rs.	Rs.
(1) Railways	3,21,21,76,000	3,22,99,73,110	3,25,25,50,700	3,30,63,50,600
(2) Irrigation	61,68,30,110	63,68,41,720	64,92,82,850	65,98,76,100
Ordinary or Non-productive Debt	*—56,18,37,330*	*—56,04,98,840*	*—48,27,15,980*	42,16,11,910
Treasury Bills and short term Loans	18,00,00,000	13,50,00,000	50,00,000	47,57,05,000
Total	3,44,71,68,780	3,44,13,15,990	3,42,41,17,570	4,86,35,43,610

	31/3/19.	31/3/20.	31/3/21. †	
Productive Debt:—	Rs.	Rs.	Rs.	
(1) Railways	3,37,55,63,850	3,50,85,85,130	3,75,17,,66160	
(2) Irrigation	66,73,60,220	67,50,86,770	68,74,87,650	
Ordinary or Non-productive Debt	56,73,55,070	51,12,72,870	24,65,66,000	
Treasury Bills and short term Loans	49,24,30,000	52,98,00,000	1,04,93,10,000	
Total	5,10,27,09,140	5,22,47,44,770	5,73,51,29,810	

There are also other obligations of the Government of India, including Post Office Cash Certificates, which are treated in the Government of India's Accounts as unfunded debt, Savings Bank balances, Judicial and Departmental deposits, balances of Service Funds, etc., amounting on 31st March, 1921, to Rs. 80,96,40,609, and the various railway annuities, representing in 1920–21 an expenditure of Rs. 3,83,71,000. But of this last-mentioned sum, Rs. 1,09,97,000 was devoted to redemption of capital liabilities. The total liability redeemed by these annual payments amounted on 31st March, 1921, to Rs. 18,21,76,150.

On that date also the Government of India had lent Rs. 8,74,50,626 (net) to Native States, Corporations, Agriculturists, etc. Other assets were the Gold Standard Reserve, consisting of sterling securities of an estimated value of £38,951,416, and £4,883 in cash at short notice in London; the cash balances in India, Rs. 13,87,65,000; and the cash (Treasury) balances in England, £7,092,787.*

* The figures in the final sentence are actuals, and hence differ from the "Revised estimate" figures in the following statement.

† Figures for 1920-21 are subject to revision.

GENERAL STATEMENT OF THE RECEIPTS AND DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

The following table shows the opening balances, receipts, disbursements and closing balances, estimated or actual, of the Government of India in 1920–21 and 1921–22.

	Revised, 1920–21.	Budget, 1921–22.
	Rs.	*Rs.*
Opening Balance, India	26,47,59,962	16,37,18,962
Opening Balance, England	*a*11,99,73,930	*a*6,00,18,930
Total Opening Balance ..	38,47,33,892	22,37,37,892
RECEIPTS—		
Revenue Surplus	—	71,00,000
Capital Contribution by Railway Companies and Indian States towards construction of State Railways	*— 7,03,000*	3,99,34,000
Permanent Debt (net incurred) ..	37,44,99,000	17,87,93,000
Temporary Debt (net incurred) ..	23,07,33,000	—
Balances of Provincial Governments	1,06,52,000	—
Unfunded Debt (net incurred) ..	3,20,40,000	4,14,66,000
Deposits and Advances (net) ..	—	14,17,18,000
Loans and Advances by Central Government (net Repayments) ..	12,75,000	18,23,000
Remittances (net)	—	7,50,34,000
Sterling Transfers on London drawn..	30,98,80,000	—
Total Receipts	95,83,76,000	48,58,68,000
Total	1,34,31,09,892	70,96,05,892
DISBURSEMENTS—		
Revenue Deficit..	12,93,26,000	—
Construction of State Railways ..	24,53,48,000	17,81,56,000
Capital Outlay on Indian Postal and Telegraph Department	—	1,00,00,000
Construction of Irrigation Works ..	62,17,000	3,14,000
Initial Expenditure on new Capital at Delhi	1,24,21,000	1,06,89,000
Bombay Development Scheme ..	57,18,000	—
Payments for Discharge of Debentures (net)	49,20,000	3,99,34,000
Deposits of Branch Line Companies (net)	2,95,000	1,53,000

a Of this amount Rs. 5,510 represents the funds of the Gold Standard Reserve.

	Revised, 1920-1921.	Budget, 1920-21.
DISBURSEMENTS, *continued*—		
Temporary Debt (net Discharged) ..	—	20,41,69,000
Balances of Provincial Governments (net)	—	5,71,41,000
Deposits and Advances (net)	31,86,03,000	—
Loans and Advances by Provincial Governments (net Advances) ..	5,65,28,000	—
Loans between Central and Provincial Governments (net Advances) ..	—	1,91,56,000
Remittances (net)	2,22,26,000	—
Sterling Transfers on London paid ..	31,77,70,000	—
Total Disbursements ..	1,11,93,72,000	51,25,12,000
Closing Balance	22,37,37,892	19,70,93,892
Total	1,34,31,09,892	70,96,05,892
DISTRIBUTION OF CLOSING BALANCE—		
Closing Balance, India	16,37,18,962	15,06,25,962
Closing Balance, England	*a*6,00,18,930	*a*4,64,67,930

a Of this amount Rs. 5,510 represents the funds of the Gold Standard Reserve.

GOLD STANDARD RESERVE.

It was decided that, with effect from 1st April, 1900—

(1) the net profit on the coinage of new rupees should not be treated as revenue, but should be paid to a special reserve (now called the Gold Standard Reserve) ;

(2) the Reserve should be held mainly in sterling securities, the interest being added to the reserve as it accrued.

From July, 1906, a portion of the Reserve was held in India in rupees in order that the Government of India might be in a favourable position for meeting heavy demands for the issue of rupees without delay in times of pressure.

In 1907 it was decided that half of the net profit on coinage from 1st April, 1907, should be used to supplement the funds available for capital expenditure on railways, the other half of the profit and the whole of the interest receipts being added to the Reserve as before. This arrangement was, however, shortly afterwards suspended, and, in June, 1912 it was decided that interest on investments and profits on coinage, except profits retained in India for building up the rupee branch of the Reserve to the amount of 6 crores, should be held in gold at the

Bank of England until the amount so held reached £5,000,000; no portion of the profit was to be used for railway purposes until the total *sterling* assets of the Gold Standard Reserve amounted to at least £25,000,000.

The Royal Commission on Indian Currency and Finance which reported in February, 1914, made certain recommendations bearing on the Gold Standard Reserve. Decisions on some of these recommendations were not taken owing to the outbreak of war; but in August, 1915, the silver branch of the Reserve was abolished, in accordance with the Royal Commission's proposal, and the 6 crores of rupees held therein were exchanged for a corresponding amount in gold (£4,000,000) from the Paper Currency Reserve. During the latter part of 1914 £3,450,000 in gold was taken from the Gold Standard Reserve to meet reverse bills in London, and the balance of gold remaining was transferred to the Paper Currency Reserve in 1916.

Since 1915, in addition to such profit on coinage as has accrued, the profit or loss arising on the remittances of funds for the Gold Standard Reserve has also been credited or debited to that Reserve.

The Indian Currency Committee of 1919 made the following recommendations in respect of the Gold Standard Reserve:—

(1) that no limit of amount should yet be fixed; (2) that all profits accruing on the coinage of rupees should be credited to the Reserve; (3) that gold should, under present conditions, be held in the Paper Currency Reserve rather than in the Gold Standard Reserve. When practicable the Gold Standard Reserve should contain a considerable proportion of gold, of which not more than one-half should be held in India; (4) in the meantime the Reserve should be kept as liquid as possible by the holding of securities with early dates of maturity; and (5) the final aim should be to hold no investments with maturities of more than 12 months.

The Finance Member announced to the Indian Legislative Council on the 2nd and 16th September, 1920, that from 1st April, 1921, the interest on investments in the Gold Standard Reserve when that Reserve reaches £40,000,000, would be appropriated in reduction of the rupee securities created for the special purpose of the Currency Reserve, and that the profits on the rupee coinage, when such again arise, would also be devoted to this end.

Statistics, etc., regarding the Gold Standard Reserve.

The total receipts from profit on coinage, interest and discount, and profit by exchange up to 31st March, 1921, have been as follows :—

	£
Profits on Coinage—1900-01 to 1920-21 ..	28,573,606*
Interest and discount	13,306,847
Profit by exchange	194,917
	£42,075,370

Of this sum £1,123,655 has been used for capital expenditure on railways ; the remainder has been paid to the Reserve.

The following table shows the disposal of the sums paid to the Reserve up to 31st March, 1921 :—

	£	£
Profits on Coinage—		
Total Profits realised 1st April, 1900, to 31st March, 1921 ..	28,573,606	
Deduct amount used for Capital Expenditure on Railways ..	1,123,655	
Profit paid to Gold Standard Reserve		27,449,951
Interest and discount received up to 31st March, 1921	13,306,847	
Profit by exchange ..	194,917	
		13,501,764
Profits and Interest paid to Reserve from 1st April, 1900, to 31st March, 1921		40,951,715
Deduct—		
Loss on Sale, Redemption, and Conversion of Securities ..	1,771,968	
Loss through depreciation..	202,875	
Miscellaneous Charges	20,573	
Total deductions ..		1,995,416
Amount of Reserve on 31st March, 1921 ..		£38,956,299

	£
Sterling Securities held in England (estimated value)	38,951,416
Cash held in England on account of the Reserve	4,883
	£38,956,299

* Separate figures for the years 1900-20 will be found in the Explanatory Memoranda for 1914-15 and for 1920-21.

The Securities, estimated at £38,951,416 (as shown above), were as follows :—

Securities.	Nominal Value.	Cost Price.	Estimated Value on 31st March, 1921.
	£	£	£
2½ per cent. Consolidated Stock ..	1,000,000	455,000	480,000
Guaranteed 2¾ per cent. Stock ..	438,720	407,187	214,973
Exchequer Bonds	9,619,500	9,604,016	9,740,346
National War Bonds	3,414,000	3,413,004	3,464,742
Treasury Bills	24,559,000	24,198,560	24,352,460
Transvaal Government 3 per cent. Guaranteed Stock	1,092,023	1,076,524	698,895
Total	40,123,243	39,154,291	38,951,416

The net profit on the Gold Standard Reserve Investments up to 31st March, 1921, is shown below :—

	£	£
Cost price of securities held on 31st March, 1921 ..		39,154,291
Estimated value on 31st March, 1921		38,951,416
Loss through depreciation		202,875
Loss on sale and redemption of securities ..		1,771,968
Total losses		1,974,843
Miscellaneous charges		20,573
Total of losses and charges		1,995,416
Interest and Discount received up to 31st March, 1921	13,306,847	
Profit by exchange	194,917	
		13,501,764
Net profit on Investments		£11,506,348

EXCHANGE AND REMITTANCE.

The sales by the Secretary of State of bills and transfers on India and by the Government of India of bills and transfers on London during the last ten years have been as follows :—

Sales by the Secretary of State.

1911–12 ..	£27,058,550	at an average rate of	1*s.* 4·083*d.*	the rupee.
1912–13 ..	£25,743,710	,, ,,	1*s.* 4·058*d.*	,,
1913–14 ..	£31,200,827	,, ,,	1*s.* 4·070*d.*	,,
1914–15 ..	£ 7,794,002	,, ,,	1*s.* 4·004*d.*	,,
1915–16 ..	£20,371,460	,, ,,	1*s.* 4·088*d.*	,,
1916–17 ..	£33,021,429	,, ,,	1*s.* 4·148*d.*	,,
1917–18 ..	£34,913,141	,, ,,	1*s.* 4·534*d.*	,,
1918–19 ..	£22,539,438	,, ,,	1*s.* 5·499*d.*	,,
1919–20 ..	£27,524,437*	,, ,,	1*s.* 10·643*d.*	,,
1920–21 ..	*nil.*			

* In addition £3,701,782 Council bills were sold to Exchange Banks under special conditions at an average rate of 1s. 4·52d.

Sales by Government of India.

1914–15 .. £8,707,000 Bills and Transfers { Bills at 1*s.* $3\frac{29}{32}d.$ the rupee; Transfers at 1*s.* $3\frac{31}{32}d.$ and 1*s.* $3\frac{29}{32}d.$ the rupee.

1915–16 .. £4,893,000 deferred Transfers at 1*s.* $3\frac{29}{32}d.$

1918–19 .. £5,315,000 Transfers at average rate of 1*s.* $5\frac{31}{32}d.$ the rupee for immediates and 1*s.* $6\frac{1}{32}d.$ for deferred.

1919–20 .. £24,544,000 Transfers at average rate of 2*s.* 7·986*d.* the rupee for immediates and 2*s.* 6·009*d.* for deferred.

1920–21 .. £30,988,000 Transfers at average rate of 2*s.* 2·102*d.* the rupee for immediates and 2*s.* 2·038*d.* for deferred.

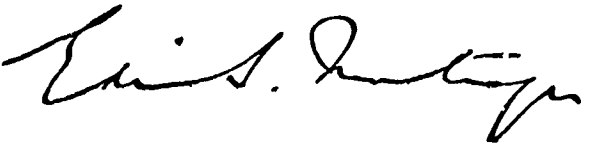
The large sales of drafts on the Secretary of State, which were made in 1919-20 and 1920-21, were in pursuance of the policy of supporting exchange recommended by the Indian Currency Committee of 1919.

Weekly sales were held in 1920-21 up to the end of September, by which time it had become apparent that the object in view could not at the time be achieved pending rectification of the large adverse balance of trade against India.

SEA-BORNE TRADE.

The figures of Exports from, and Imports into, India during 1918–19, 1919–20, and 1920–21 are given in Appendix IIc. on pages 33 to 38.

India Office.
23rd Sept. 1921.



APPENDIX I.

Notes on certain heads of Net Revenue and Expenditure.

NET REVENUE.

Customs.

	Rs.
Accounts, 1919–20	21,46,69,935
Budget, 1920–21	24,81,17,000
Revised Estimates, 1920–21 ..	32,37,80,000
Budget, 1921–22	37,73,28,000

In 1919–20 the increased receipts anticipated in the Revised Estimate as compared with the Budget are the result of the great activity of the import trade during that year. In the Budget for the year 1921–22 allowance has been made for a large decrease of imports which is expected as a result of the overstocked condition of the Indian markets.

Details of the receipts obtained or expected to be obtained under different heads are given in the table below :—

SEA CUSTOMS. IMPORTS.	Accounts, 1919–1920.	Budget, 1920–1921.	Revised Estimates, 1920–1921.	Budget, 1921–1922.
Special Import Duties.	Rs.	Rs.	Rs.	Rs.
1. Arms, Ammunition and Military Stores	9,30,424	11,14,000	10,53,000	10,00,000
2. Coal, coke and patent fuel	21,760	34,000	27,000	28,000
3. Liquors—				
(*a*) Ale, Beer, Porter, Cider and other fermented Liquors	6,82,976	8,30,000	9,00,000	13,00,000
(*b*) Spirits and Liqueurs	1,24,78,852	1,35,00,000	1,76,00,000	2,49,00,000
(*c*) Wines	6,38,755	7,35,000	9,25,000	14,50,00
4. Opium	3,120	6,000	3,000	3,000
5. Petroleum	82,95,403	85,00,000	55,20,000	85,00,000
6. Silver, Bullion and Coin	2,854	—	—	—
7. Silver manufactures	1,93,249	2,00,000	7,59,000	7,00,000
8. Sugar	1,28,11,234	1,35,00,000	1,28,50,000	2,35,00,000
9. Tobacco	89,07,086	90,00,000	1,31,70,000	1,60,00,000
10. Matches	—	—	9,00,000	1,10,00,000
11. Articles of luxury	—	—	18,00,000	2,14,00,000
Duty at 2½ per cent.				
12. Machinery	18,85,546	30,00,000	50,92,000	62,00,000
13. Metals—Iron and Steel	46,02,935	52,10,000	67,40,000	70,00,000
14. Railway plant and rolling stock ..	13,56,073	18,52,000	33,50,000	32,00,000
15. Other articles	3,02,111	4,00,000	4,25,000	3,75,000
Duty at 11 per cent.				
16. Articles of Food and Drink (excluding sugar and vinegar)	68,23,282	75,00,000	70,20,000	92,00,000
17. Raw materials and articles mainly unmanufactured	55,58,664	57,82,000	62,90,000	76,00,000
18. Articles wholly or mainly manufactured—				
(*a*) Cutlery, hardware, implements and instruments	56,73,092	62,65,000	1,38,00,000	1,33,00,000
(*b*) Metals other than Iron and Steel	63,66,681	70,00,000	77,00,000	94,00,000
(*c*) Cotton manufactures	4,09,21,093	4,50,00,000	6,94,40,000	5,95,00,000
(*d*) Yarns and textile fabrics (other than cotton manufactures) ..	77,99,100	83,00,000	1,30,60,000	1,68,00,000
(*e*) All other articles wholly or mainly manufactured ..	2,32,78,693	2,35,00,000	4,60,34,000	3,78,00,000
19. Miscellaneous	48,25,717	35,00,000	64,65,000	53,00,000
TOTAL IMPORTS	15,43,58,700	16,47,28,000	24,09,23,000	28,54,56,000
20. EXPORT DUTIES—				
(*a*) Hides and skins, raw	91,92,029	2,10,00,000	66,60,000	1,00,00,000
(*b*) Jute (raw and manufactured) ..	2,97,48,122	3,40,00,000	3,40,64,000	3,25,00,000
(*c*) Rice	37,22,235	75,49,000	56,16,000	1,10,00,000
(*d*) Tea	54,50,724	63,00,000	41,63,000	50,00,000
21. SEA CUSTOMS—MISCELLANEOUS ..	10,85,980	9,37,000	24,87,000	12,66,000
22. LAND CUSTOMS	7,39,719	6,50,000	12,85,000	8,70,000
23. EXCISE DUTY ON COTTON MANUFACTURES	1,55,14,490	1,50,30,000	2,45,34,000	3,00,00,000
24. EXCISE DUTY ON MOTOR SPIRIT	41,41,939	39,51,000	62,00,000	65,00,000
25. WAREHOUSE AND WHARF RENTS AND MISCELLANEOUS	8,78,855	10,00,000	96,04,000	21,00,000
GRAND TOTAL	22,48,32,802	25,51,45,000	33,55,36,000	38,46,92,000
Deduct—Refunds	*1,01,62,867*	*70,28,000*	*81,85,000*	*73,64,000*
NET TOTAL	21,46,69,935	24,81,17,000	32,73,51,000	37,73,28,000

Taxes on Income.

	Accounts, 1919-20.	Budget, 1920-21.	Revised Estimate, 1920-21.	Budget, 1921-22.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Excess Profits Duty	9,22,80,494	36,83,000	1,84,51,000	nil.
Super Tax	2,63,53,070	4,36,65,000	5,74,88,000	6,28,95,000
Income Tax	11,34,44,879	12,35,09,000	13,47,41,000	16,58,71,000
TOTAL TAXES ON INCOME	23,20,78,443	17,08,57,000	21,06,80,000	22,87,66,000
Deduct Refunds	*77,37,263*	*42,76,000*	*1,29,02,000*	*1,04,20,000*
TOTAL REVENUE	22,43,41,180	16,65,81,000	19,77,78,000	21,83,46,000
Share of Provincial Governments under Devolution Rules				*3,25,39,000*
Total Revenue of Central Government ..				18,58,07,000

Excess Profits Duty was only leviable in respect of one year. The increased receipts in 1920–21 were due to collections of arrears.

Super Tax.—A substantial decrease in assessable income is anticipated for the year 1921–22 owing to trade depression, but this will be more than offset by the collection of arrears and the enhancement of rates described on page 11.

Income Tax.—Under rule 15 of the Devolution rules, Provincial Governments will receive a share in the income-tax collected within their jurisdiction at the rate of three pies on each rupee brought under assessment in respect of which the income-tax assessed has been collected. In consideration of this allocation, the Provincial Governments will make fixed annual assignments equivalent to the amount which would have accrued to them in the year 1920–21 if the three-pie rate had been in force in that year. The following table shows the estimates for the share of revenue allocated to all Provincial Governments together for 1921–22 and of expenditure to be borne by them, together with the assignments to be made to the Central Government and the net addition to the Provincial revenues resulting from the arrangements for the allocation of a share of income-tax revenue :—

	(In lakhs of rupees.)
Share of income-tax revenue creditable to Provincial Governments under devolution rule 15 (1)...	3,25·39
Share of income-tax establishment under rule 15 (3)	—9·73
Assignments to the Governor-General under rule 15 (2)	—3,11·88
Net addition to Provincial revenues	3·78

Several provinces do not receive any addition to their resources during the next year owing to an anticipated reduction in the incomes which will be assessed to income-tax in that year as the result of the prevailing depression in trade. The assignments in these cases have been calculated so as to prevent the new arrangements resulting in a loss to Provincial revenues.

Salt.

	Rs.
Accounts, 1919–20	5,70,83,914
Budget, 1920–21	6,70,17,000
Revised Estimate, 1920–21 ..	6,14,93,000
Budget, 1921–22	7,00,66,000

In 1920–21 decreases in revenue as compared with the Budget Estimate occurred owing to the refund of advance payments and a decline in demand due to large stocks outstanding.

In the Budget Estimate for 1920–21 provision has been made for extensions and improvements in salt sources and works and for revision of pay in various branches of the Department.

Opium.

	Accounts, 1919–20.	Budget, 1920–21.	Revised Estimate, 1920–21.	Budget, 1921–22.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Receipts	4,55,61,793	4,41,29,000	3,62,31,000	3,72,85,000
Charges	*1,30,54,497*	*1,74,89,000*	*1,23,44,000*	*1,52,54,000*
Net revenue	3,25,07,296	2,66,40,000	2,38,87,000	2,20,31,000

Opium is supplied at fixed prices to certain foreign Governments, principally the Straits Settlements, the Netherlands Indies, and Siam ; some is sold in England for medicinal purposes, and the balance by auction at Calcutta. In respect of opium consumed in India only the amount charged to Local Governments as cost of production is credited under this head, the difference between actual price of issue and cost of production being credited to Provincial revenues under the head of Excise.

As a result of a fall in the demand for opium in the Far East and the unsettled conditions in regard to exchange the number of chests disposed of by auction during 1920–21 was about one half the expected sales.

Railways.

	Accounts, 1919–20.	Revised Estimate, 1920–21.	Budget, 1921–22.
	Rs.	*Rs.*	*Rs.*
State Railways :—			
Gross Receipts	79,06,26,615	81,32,25,000	87,05,83,000
Working Expenses	*45,52,09,481*	*54,21,45,000*	*58,69,42,000*
Net Traffic Receipts..	33,54,17,134	27,10,80,000	28,36,41,000
Surplus Profits paid to Companies, &c.	*2,00,92,140*	*1,68,34,000*	*1,32,00,000*
Interest Charges—			
Interest on capital spent or advanced by the State	*11,30,86,332*	*14,23,93,000*	*15,80,71,000*
Interest on capital deposited by Companies ..	*2,16,52,578*	*2,44,23,000*	*2,65,33,000*
Annuities in purchase of Railways	*3,35,75,590*	*3,83,71,000*	*4,02,90,000*
Sinking Funds	*25,57,070*	*30,96,000*	*34,73,000*
Total	*19,09,63,710*	*22,51,17,000*	*24,15,67,000*
Net Receipts	14,44,53,424	4,59,63,000	4,20,74,000
Miscellaneous receipts (net) or *charges (net)* ..	*63,51,980*	*4,25,000*	*12,24,000*
Net Receipts from all Railways	13,81,01,444	4,55,38,000	4,08,50,000

The position of the Railway Revenue Account in recent years is therefore as follows :—

		Rs.
1919–20	Net receipts	13,81,01,444
1920–21 (Revised Estimate)	,,	4,55,38,000
1921–22 (Budget)	,,	4,08,50,000

These figures are arrived at after charging in the Account not only all interest charges, but also payments in redemption of capital which are made partly through sinking funds and partly through the annuities created for the purchase of various railways.

The following are the amounts of such payments in the three years under review :—

	Rs.
In 1919–20	1,31,89,500
In 1920–21	1,40,93,000
In 1921–22	1,48,47,000

State Railways.—The profit derived by the State from the railways arises from the State lines, under which head are included not only the lines worked by the State (of which the most important are the North-Western, Eastern Bengal, and Oudh and Rohilkhand systems), but also lines which, while classified as State railways, are worked by companies receiving guaranteed interest on their share capital and a share of the surplus profits. Among the most important of the lines included in the latter class are the East Indian, Bengal-Nagpur, Bombay, Baroda and Central India (including Rajputana-Malwa), Madras and Southern Mahratta, South Indian, Great Indian Peninsula (including the Indian Midland Railway), Assam-Bengal, and Burma Railways.

It is anticipated that in 1921–22 expansion of trade will make for an increase in gross receipts, but heavy renewals and repairs necessitate also a larger grant for working expenses.

Posts and Telegraphs.

	Accounts, 1919-20.	Budget, 1920–21.	Revised Estimate, 1920–21.	Budget, 1921–22.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Indian Postal and Telegraph Department :—				
Receipts	8,79,38,765	8,97,04,000	9,68,87,000	10,59,63,000
Expenditure	*6,66,76,842*	*8,04,02,000*	*9,63,24,000*	*9,38,61,000*
Net Receipts	2,12,61,923	93,02,000	5,63,000	1,21,02,000
Indo-European Telegraph Department ..				
Receipts	51,08,804	31,91,000	29,08,000	35,21,000
Expenditure	*28,02,744*	*42,68,000*	*39,47,000*	*45,51,000*
Net Receipts	23,06,060	*—10,77,000*	*—10,39,000*	*—10,30,000*
Net Receipts—Posts and Telegraphs	2,35,67,983	82,25,000	*—4,76,000*	1,10,72,000

The Indian Postal and Telegraph Department shows an increase in the Revenue for 1920–21 due to the heavy commission realised on the issue of sterling money orders to cover the difference between the rate of 2*s.* per rupee at which sterling and rupees are converted for the issue of money orders and the rates at which post offices are authorised to issue them from time to time on the basis of current market rates. This has more than compensated for the fall in the revenue from ordinary postal and telegraph transactions due to trade depression.

Apart from the effect of the increased rates imposed for the present year normal growth is expected in revenue in 1921–22, but repairs and establishment revisions will necessitate an increased expenditure.

Exchange.

	Rs.
Accounts, 1919–20	*nil.*
Budget, 1920–21	*nil.*
Revised Estimate, 1920–21 (debit)	2,63,30,000
Budget, 1921–22 (debit)	3,28,54,000

From 1899–1900 until 1919–20 all rupee transactions were converted into sterling for embodiment in the Finance and Revenue accounts at the fixed rate of exchange of 15 rupees to the £. This procedure when applied to remittances carried out at other rates of exchange resulted in a net debit or credit which, except so far as it arose from remittances for the Gold Standard Reserve, was taken to Revenue and Expenditure Account.

In 1919–20 it was decided to give to the Railway, Irrigation and Delhi capital accounts the benefit of the high rates of exchange then prevailing. The necessary adjustment was made by reducing the credit from remittances, and the balance of this credit was carried to a suspense head.

With effect from 1920–21 the following revised procedure has been adopted. Subject to the exceptions mentioned below Sterling and Rupee figures are combined in the accounts at the rate of 10 rupees to the £ sterling. Adjustments are, however, made under Revenue and Capital Heads in order that sterling transactions may be brought to charge on the basis of the average Calcutta telegraphic rate on London. In the case of Revenue transactions under commercial heads, or of transactions chargeable against Provincial Governments, these adjustments are shown against the Revenue Head or the Provincial Government concerned; the adjustments on account of other Revenue transactions being shown under the General Revenue or Expenditure Head "Exchange."

PROVINCIAL CONTRIBUTIONS AND ADJUSTMENTS.

Budget, 1921–22.

	Rs.
Contributions	9,83,00,000
Assignments	3,11,88,000
Total	12,94,88,000

It is provided by the Devolution Rules made under para. 45A of the Government of India Act that in the year 1921–22 contributions, as specified in column 2 of the table below, and in future years similar contributions or such smaller sums as may be determined by the Governor-General in Council, shall be paid by the Local Governments to the Government of India. If for any year the total of the contributions is reduced, reductions shall be made in respect of those Local Governments only whose last previous annual contribution exceeds the proportion specified below of the smaller sum so determined as the total contribution ; and any reduction so made shall be proportionate to such excess.

Name of Province.	Contribution for 1921–22 (in lakhs of Rupees).	Normal Proportion of future contributions to reduced total.
Madras	348	17/90
Bombay	56	13/90
Bengal	63	19/90
United Provinces	240	18/90
Punjab	175	9/90
Burma	64	6½/90
Bihar and Orrisa	*Nil.*	—
Central Provinces.. ..	22	5/90
Assam	15	2½/90

In consideration of the grant to each Local Government of a share in the income tax collected within its jurisdiction (*see* page 24), such Government makes to the central revenues a fixed annual assignment under Devolution Rule 15 (2), this assignment being equivalent to the share of income tax (after deducting the provincial share of the cost of special income tax establishments) which would have accrued to the Local Government in 1920–21 if the scheme of division had been applied to that year.

On the expenditure side of the account are certain miscellaneous adjustments, the most important of which are contributions to the cost of military police in Burma and Assam.

Miscellaneous Civil Receipts.

	Rs.
Accounts, 1919–20	1,49,57,897
Revised Estimate, 1920–21 ..	1,86,93,000
Budget, 1921–22	7,26,27,000

The large increase budgeted for under this head is mainly due to the new rates of railway surcharge introduced with effect from 1st April, 1921. The new tax is expected to produce Rs. 6½ crores in 1921–22, as against Rs. 1 crore produced in 1920-21 by the tax previously in force. The new rates are shown in detail on page 9 above.

NET EXPENDITURE.

Debt Services.

—	Accounts, 1919–20.	Revised Estimate, 1920–21.	Budget, 1921–22.
	Rs.	*Rs.*	*Rs.*
Total payments for Interest on Debt	21,89,01,756	23,96,98,000	23,87,07,000
Deduct amount chargeable to Railways (included under Railways, page 25).	*11,30,86,332*	*13,70,01,000*	*15,03,38,000*
Deduct amount chargeable to Irrigation	*9,33,915*	*9,60,000*	*9,35,000*
Interest on Ordinary Debt	10,48,81,509	10,17,37,000	8,73,84,000
Interest on other Obligations	1,87,11,138	2,36,40,000	2,30,77,000
Sinking Funds	1,23,00,000	1,23,61,000	2,04,00,000
Total	13,58,92,647	13,77,38,000	13,08,61,000
*Interest Receipts on loans, &c., in England and India .. ..

The details of the Army Charges, which form the most important part of the charges grouped together in the table above, are as follows:—

Net Army Charges in India.

—	Accounts, 1919-20.	Budget, 1920-21.	Revised Estimate, 1920-21.	Budget, 1921-22.
Net Charges in India.	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Effective Services:—				
Army and Garrison and Administrative Staff	1,13,99,961	2,17,00,000	2,27,03,000	
Regimental Pay, Allowances and Charges	20,69,19,797	18,60,42,000	18,73,51,000	
Supply and Transport	6,32,07,389	9,25,43,000	9,12,86,000	
Medical Establishments, Supply and Services	1,17,85,671	1,88,94,000	1,95,40,000	44,90,45,000*
Ordnance Establishments, Stores and Camp Equipage	3,07,91,703	79,54,000	3,17,03,000	
Other Effective Services	35,45,81,425	5,01,74,000	15,61,53,000	
Compensation for dearness of food and forage	53,43,000	30,00,000	33,47,000	
Total Effective Services	68,40,28,946	38,03,07,000	51,20,88,000	44,90,45,000
Non-effective Charges	1,71,87,252	2,82,39,000	2,29,85,000	2,80,25,000
Total, India	70,12,16,198	40,85,46,000	53,50,73,000	47,70,70,000

* Details not yet available.

Net Army Charges in England.

—	Accounts, 1919-20.	Budget, 1920-21.	Revised Estimate, 1920-21.	Budget, 1921-22.
Effective Services:—				
Charges—	£	£	£	£
Payments to War Office for British Forces in India	911,700	2,200,000	2,050,000	2,036,000
Furlough Allowances	869,753	600,000	1,010,000	1,010,000
Indian Troop Service and Passage of Officers.	333,417	610,500	901,500	900,500
Miscellaneous	73,742	76,500	462,800	217,500
Stores	1,369,306	2,721,400	3,433,600	2,116,500
Total	3,557,918	6,208,400	7,857,900	6,280,500
Receipts—				
Contribution of Imperial Government towards Sea Transport Charges.	130,000	130,000	130,000	130,000
Contribution of Imperial Government towards Military charges for Aden.	100,000	100,000	100,000	100,000
Payment by Imperial Government (on capitation basis) for Indian Native Regiments serving in the Colonies.	Nil.	Nil.	Nil.	Nil.
Transfer and Sale of Stores, Recoveries, &c.	18,709	7,000	124,500	56,700
Total	248,709	237,000	354,500	286,700
Net Charge for Effective Services	3,309,209	5,971,400	7,503,400	5,993,800
Non-effective Charges (net)	2,942,769	3,056,100	3,195,100	2,799,600
Total, England	6,251,978	9,027,500	10,698,500	8,793,400
Equivalent at Rs.10 = £1 Rs.	6,25,19,780	9,02,75,000	10,69,85,000	8,79,34,000
Grand Total Rs.	76,37,35,978	49,88,21,000	64,20,58,000	56,50,04,000

The large increase shown by the Revised Estimates for 1920–21 as compared with the Budget provision for that year is due to the occupation of Central Waziristan, to operations on the frontier and at Aden, to the adjustment of outstanding claims on account of stores obtained from England in previous years, and to increases of pay, allowances and pensions.

Political.

	Rs.
Accounts, 1919–20	3,13,73,723
Revised Estimate, 1920–21 ..	3,23,38,000
Budget, 1921–22	2,09,63,000

The Revised Estimate for 1920–21 includes Rs. 72 lakhs for the Indian moiety of the cost of the South Persia Rifles, and Rs. 47 lakhs on account of special political expenditure in Persia. No expenditure on these accounts is anticipated in 1921–22.

APPENDIX II. (*a*).

HOME CHARGES.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1919–20.	Revised Estimate, 1920–21.	Budget Estimate, 1921–22.
	£	£	£
Direct demands on the Revenues :—			
Stores for India	136,506	276,900	203,700
Leave Allowances and Miscellaneous	20,728	86,500	59,900
Railway Revenue Account :—			
Interest	5,722,274	5,841,800	6,004,700
Sinking Funds	255,707	270,900	289,400
Annuities	3,357,559	3,357,500	3,357,500
Government share of Surplus Profits	*218,088*	*214,200*	*156,000*
Leave Allowances and Miscellaneous	94,755	144,300	156,700
Irrigation Revenue Account :—			
Interest on Debt	5,000	5,100	—
Leave Allowances	921	5,000	5,700
Posts and Telegraphs :—			
Indian Postal and Telegraph Department : Stores for India	573,795	1,067,000	73,000
" " " Leave Allowances and Miscellaneous	52,592	29,000	32,000
Indo-European Telegraph Department..	*56,380*	*83,300*	*38,500*
Debt Services :—			
Interest on Ordinary Debt (less interest realised from investment of Cash Balance).	1,153,430	1,559,000	1,768,400
Liability assumed in respect of British 5 per cent. War Loan, 1929–47 : Interest	1,394,532	1,063,900	1,034,500
Liability assumed in respect of British 5 per cent. War Loan, 1929–47 : Sinking Fund	500,000	500,000	500,000
Civil Administration :—			
Home Administration :—			
India Office : Salaries and Contingencies	363,372	391,900	308,600
High Commissioner's Office, Salaries and Contingencies ..	—	127,100	216,900
Audit Office : Salaries	12,392	15,000	15,000
Bank of England and Bank of Ireland for Management of Debt	60,032	59,800	59,800
Contribution by His Majesty's Treasury in respect of the Administrative Expenses of India Office.	—	*72,000*	*200,000*
Payments on account of Departments in India :—			
Stores for India	190,596	622,500	80,800
Leave Allowances and Miscellaneous	187,527	273,900	295,700
Currency Mint and Exchange :—			
Interest on Paper Currency Reserve Investments	*2,306,357*	*1,242,000*	—
Stores for India	57,158	62,300	337,000
Leave Allowances and Miscellaneous	5,787	7,200	8,200
Civil Works :—			
Stores for India	9,257	8,000	8,000
Leave Allowances and Miscellaneous	3,686	4,200	1,900

Net Expenditure.	Accounts, 1919-1920.	Revised Estimate, 1920-1921.	Budget Estimate, 1921-1922.
Miscellaneous :—			
Profit on Sale of Wheat	—	*526,000*	*574,000*
Territorial and Political Pensions	17,811	10,600	11,300
Civil Superannuation Allowances and Pensions (including Home Establishment Pensions).	2,003,055	2,062,700	2,041,000
Contribution to the Secretariat of the League of Nations	16,234	29,000	57,000
Stationery and Printing :—			
Stores for India	119,000	171,000	146,600
Expenditure at the India Office and the High Commissioner's Office, Leave Allowances, etc.	10,736	25,100	25,300
Other Miscellaneous Charges	32,522	20,500	25,800
Military Services (Army and Marine)			
Home Charges of British Forces serving in India (less receipt of £100,000 from the War Office on Account of Aden)	811,700	1,950,000	1,936,000
Payment to the War Office on account of Savings, due to the War, under minor heads of Military Expenditure in England.	19,300	19,300	—
Sea Transport Charges (less receipt of £130,000 from the War Office).	208,703	771,500	770,500
Exchange Concession in Connection with the issue of sterling War Gratuities.	—	200,000	—
Unemployment Insurance	—	89,000	110,000
Contribution to the expenses of His Majesty's Ships in Indian Seas.	100,000	100,000	100,000
Furlough Pay	907,844	1,052,000	1,045,000
Stores	2,216,811	3,962,600	2,333,500
Other Effective Charges	30,712	57,800	109,000
Retired Pay of British Forces for Service in India	1,441,073	1,016,100	611,100
Retired Pay : Indian Services	1,248,654	1,862,700	1,817,200
Family and Miscellaneous Pensions	282,067	352,300	407,300
Total	21,043,003	27,393,500	25,395,500

Expenditure in England not charged on the Revenue of the year :—

Expenditure.	Accounts, 1919-20.	Revised Estimate, 1920-21.	Budget Estimate, 1921-22.
	£	£	£
Capital outlay on State Railways	11,978,363	17,911,200	14,328,300
,, ,, Irrigation Works	21,020	18,000	10,500
New Capital at Delhi	17,210	217,500	286,700
Capital outlay on Posts and Telegraphs	—	—	1,000,000
Total	12,016,593	18,146,700	15,625,500

APPENDIX II. (*b*).

RAILWAYS.

MILEAGE AND TRAFFIC (including railways outside the Government accounts).

Length of railways open in India on 31st March, 1919		36,616 miles.
Additional mileage opened in 1919–20 :—		
I. State Lines worked by the State or by Companies	6·25 miles	
II. Lines under rebate or guarantee terms and subsidized lines	64·79 ,,	
III. Unassisted lines and District Board lines	43·44 ,,	
IV. Native State Lines worked by Native States or by Companies and Lines Guaranteed by Native States	4·86 ,,	
Total addition		119·34 miles.
Length of railways open in India on 31st March, 1920, after allowing for corrections due to re-alignments, etc.		36,735 miles

	1918–19.	1919–20.
Total number of passengers carried	471,629,500	533,180,400
Total weight of goods carried (in tons)	98,875,000	94,995,000

Capital Outlay and Net Traffic Receipts.

The lines mentioned below are those of which the transactions are recorded in the Government accounts. The Mean Capital Outlay in 1919–20, including outlay by companies and local boards, is calculated by adding to the total Capital Outlay up to 31st March, 1919, half the outlay in 1919–20.

	Mean Capital Outlay, 1919–20.	Net Traffic Receipts, 1919–20.	Percentage of Net Receipts on Mean Capital Outlay.
	£	£	
Assam-Bengal	11,405,706	133,474	1·17
Aden	33,810	–4,795	—
Bengal-Nagpur	29,769,202	1,805,904	6·07
Bombay, Baroda & Central India	31,851,585	2,889,493	9·07
Burma	14,127,887	963,208	6·82
Eastern Bengal	26,006,747	951,908	3·66
East Indian	58,614,138	4,913,291	8·38
Great Indian Peninsula (includes Indian Midland)	53,555,969	3,158,849	5·90
Agra-Delhi Chord	993,964	117,153	11·79
Baran-Kotah	330,046	6,298	1·91
Bhopal	276,202	27,388	9·92
Cawnpore Banda	538,434	7,925	1·47
Jodhpur-Hyderabad (British Section)	304,008	38,736	12·74
Lucknow-Bareilly	919,735	87,427	9·51
Madras and Southern Mahratta	27,221,808	1,705,076	6.26
Bezwada Extension	83,343	19,921	23·90
Dhone-Kurnool	67,889	4,644	6·84
North Western	63,980,237	2,856,120	4·46
Oudh & Rohilkhand	17,715,525	880,096	4·97
South Indian	14,800,737	1,222,093	8·26
Tinnevelly-Quilon (British & Indian State Section)	1,081,856	49,377	4·56
Tirhoot	5,363,883	412,245	7·69
	359,042,711	22,245,831	6·196
Unopened lines, stores, etc.	1,190,344		
Total	360,233,055	22,245,831	6·175
Private Companies :—			
Government payments	4,532,695		
Grand Total	364,765,750		

APPENDIX II.(*c*).

TRADE TABLES.

Sea-borne Trade —

I. General Summary.

II. Analysis of Imports of Merchandise, showing the principal articles separately.

III. Analysis of Exports of Merchandise, showing the principal articles separately.

IV. Analysis of Imports of Merchandise on Private Account, showing separately the principal countries of origin.

V. Analysis of Exports of Indian Merchandise on Private Account, showing separately the principal countries of destination.

I.—Summary of Sea-borne Trade.

	1918–19.	1919–20.	1920–21.
On Private Account.			
	Rs.	Rs.	Rs.
Exports of Merchandise	2,53,88,13,522*a*	3,26,79,31,299	2,56,35,90,796
Imports of Merchandise	*1,69,03,41,421*	*2,07,97,23,940*	*3,35,50,72,160*
Net Exports *or Imports* of Merchandise	84,84,72,101	1,18,82,07,359	*79,14,81,364*
Net Imports or Exports *of Gold*	*2,30,729*	*10,97,05,288*	9,13,71,409(*b*)
Net Imports or Exports *of Silver*	*5,70,180*	14,80,470	*7,41,72,668*
Net Imports or Exports *of Treasure*	*8,00,909*	*10,82,24,818*	1,71,98,741(*b*)
Net Exports *or Imports* of Merchandise and Treasure on Private Account.	84,76,71,192	1,07,99,82,541	*77,42,82,623*
Government Transactions.			
Imports of Merchandise	*19,52,82,896*	*13,73,00,485*	*10,53,83,983*
Exports of Merchandise	1,43,89,088	5,96,47,456	9,58,78,679
Net Imports of Merchandise	*18,08,93,808*	*7,76,53,029*	*96,05,304*
Net Imports or Exports *of Gold*	3,07,94,046	*31,29,07,953*	*11,37,98,384*
Net Imports or Exports *of Silver*	*66,90,18,634*	*29,66,46,593*	94,211
Net Imports of Treasure	*63,82,24,588*	*60,95,54,546*	*11,37,04,173*

a Includes the value of wheat, tanned cowhide, and other articles of national importance exported on Government account.
b Subject to revision.

II.—Sea-borne Trade—Analysis of Imports of Merchandise, showing the principal articles separately.

	1918-19.	1919–20.	1920-21.
A. *On Private Account.*			
I. Food, Drink and Tobacco :—	Rs.	Rs.	Rs.
A. Fish (excluding canned fish)	15,16,567	19,01,518	20,59,542
B. Fruits and Vegetables	93,16,509	1,89,60,320	1,67,82,394
C. Grain, Pulse and Flour	1,12,35,445	3,08,90,917	5,51,953
D. Liquors	2,88,70,056	2,90,76,654	4,21,17,387
E. Provisions and Oilman's Stores	1,93,81,117	2,90,91,093	3,60,98,709
F. Spices	2,40,91,969	2,26,52,941	1,91,07,887
G. Sugar	15,61,36,415	22,99,26,623	18,50,32,583
H. Tea	88,90,905	53,74,622	40,20,818
I. Other Food and Drink	2,40,09,132	2,32,26,804	2,44,02,651
J. Tobacco	2,14,61,048	2,01,86,564	2,95,91,226
Total, Class I.	30,49,09,163	41,12,88,056	35,97,65,150
II. Raw Materials and Produce and articles mainy unmanufactured :—			
A. Coal, Coke and Patent Fuel	23,54,013	12,85,562	30,36,845
B. Gums, Resins and Lac	24,60,320	71,60,952	47,60,950
C. Hides and Skins, raw	12,89,782	19,96,291	10,45,863
D. Metallic Ores and Scrap Iron or Steel for remanufacture.	3,16,204	8,27,575	17,55,274
E. Oils	3,71,87,588	9,43,76,456	8,72,13,189
F. Seeds	1,25,46,289	1,25,99,475	51,49,646
G. Tallow, Stearine and Wax	15,43,542	24,14,712	48,98,960
H. Textile Materials	2,64,13,908	2,57,96,632	3,51,77,522
I. Wood and Timber	69,21,255	1,25,32,284	1,07,57,725
J. Miscellaneous	83,57,761	1,47,17,540	1,62,43,425
Total, Class II.	9,93,90,662	17,37,07,479	17,00,39,399
III. Articles wholly or mainly manufactured :—			
A. Apparel	2,15,53,053	1,96,60,594	4,32,11,735
B. Arms, Ammunition and Military Stores	38,54,964	37,11,057	63,95,627
C. Carriages and Carts (including Cycles and Motor Cars)	68,78,641	4,53,62,180	14,07,99,981
D. Chemicals, Drugs and Medicines	4,21,95,554	3,73,81,114	5,16,45,993
E. Cutlery, Hardware, Implements (except Machine Tools), and Instruments	5,86,06,612	7,14,74,173	16,15,72,972
F. Dyes and Colours	2,90,90,326	3,23,47,579	5,72,41,890
G. Furniture, Cabinetware and Manufactures of Wood.	44,62,278	45,93,928	95,65,258
H. Glassware and Earthenware	1,80,08,761	2,74,46,942	4,27,71,552

II.—Sea-borne Trade—Analysis of Imports of Merchandise, showing the principal articles separately—continued.

	1918–19.	1919–20.	1920–21.
A. *On Private Account.*			
III. Articles wholly or mainly manufactured.—*contd.*	Rs.	Rs.	Rs.
I. Hides and Skins, tanned or dressed, and Leather.	39,55,448	53,73,007	1,28,62,099
J. Machinery of all kinds, including Belting for Machinery.	5,85,84,483	9,58,32,229	24,08,73,548
K. Metals, Iron and Steel, and Manufactures thereof.	12,42,19,586	16,28,73,401	31,23,58,486
L. Metals, other than Iron and Steel, and Manufactures thereof.	3,60,22,727	6,39,94,308	9,35,91,161
M. Paper, Pasteboard and Stationery	3,42,03,381	3,12,71,116	9,12,48,822
N. Railway Plant and Rolling Stock	1,04,34,879	4,58,72,750	14,13,04,961
O. Yarns and Textile Fabrics	68,24,20,540	69,08,73,464	1,18,32,36,183
P. Miscellaneous	9,80,06,342	11,54,39,493	16,10,90,566
Total, Class III.	1,23,24,97,575	1,45,35,07,335	2,74,97,70,834
IV. Miscellaneous and Unclassified	5,35,44,021	4,12,21,070	7,54,96,777
Total value of Imports of Merchandise on Private Account	1,69,03,41,421	2,07,97,23,940	3,35,50,72,160
B. *Government Stores*	19,52,82,896	13,73,00,485	10,53,83,983
Grand Total, Imports of Merchandise	1,88,56,24,317	2,21,70,24,425	3,46,04,56,143

III.—Sea-borne Trade—Analysis of Exports of Merchandise, showing the principal articles separately.

—	1918–19.	1919–20.	1920–21.
A. *On Private Account.*			
I. Food, Drink and Tobacco :—	Rs.	Rs.	Rs.
A. Fish (excluding Canned Fish)	44,09,687	50,51,501	56,02,338
B. Fruits and Vegetables	60,21,503	62,73,685	60,34,460
C. Grain, Pulse and Flour	40,07,13,124	15,14,57,250	25,64,09,695
D. Liquors	4,883	10,727	27,527
E. Provisions and Oilman's Stores	61,80,391	61,74,110	74,17,680
F. Spices	1,09,33,017	1,57,17,398	83,31,710
G. Sugar	48,50,473	53,91,798	95,47,993
H. Tea	17,77,57,776	20,56,50,470	12,16,43,616
I. Other Food and Drink	1,21,32,264	1,72,94,146	1,42,99,173
J. Tobacco	96,35,833	92,62,202	74,92,272
Total, Class I.	63,26,38,951	42,22,83,287	43,68,06,464
II. Raw materials and produce and articles mainly unmanufactured :—			
A. Coal, Coke and Patent Fuel	15,63,114	82,67,569	1,50,27,880
B. Gums, Resins and Lac	3,07,38,369	7,41,98,127	7,68,37,384
C. Hides and Skins, raw	9,34,23,402	23,40,62,210	5,24,84,457
D. Metallic Ores and Scrap Iron or Steel for remanufacture.	2,14,86,511	1,50,37,504	2,46,60,264
E. Oils	3,51,43,214	3,22,24,893	1,77,80,580
F. Seeds	11,21,83,612	26,26,90,198	16,83,47,923
G. Tallow, Stearine and Wax	7,79,943	9,18,827	10,81,296
H. Textile Materials	51,28,99,871	90,66,23,437	62,01,22,911
I. Wood and Timber	65,72,173	1,42,08,923	1,23,64,706
J. Miscellaneous	4,61,57,743	5,00,84.777	4,55,68,294
Total, Class II.	86,09,47,952	1,59,83,16,465	1,03,42,75,695

III.—Sea-borne Trade—Analysis of Exports of Merchandise, showing the principal articles separately—continued.

	1918–19.	1919–20.	1920–21.
III. Articles wholly or mainly manufactured :—			
	Rs.	Rs.	Rs.
A. Apparel	16,80,225	27,45,980	30,33,472
B. Arms, Ammunition and Military Stores ..	1,330	102	786
C. Carriages and Carts, including Cycles and Motor Cars	57,152	51,370	27,491
D. Chemicals, Drugs and Medicines	4,61,45,222	3,03,51,290	3,78,57,067
E. Cutlery, Hardware, Implements (except Machine Tools) and Instruments	3,21,676	7,66,252	10,08,899
F. Dyes and Colours	2,06,02,177	2,66,14,551	1,10,85,653
G. Furniture, Cabinetware, and manufactures of wood	7,87,664	11,73,307	9,42,640
H. Glassware and Earthenware	87,319	2,59,892	2,19,978
I. Hides and Skins, tanned or dressed, and Leather	9,69,91,387	12,71,48,279	3,29,53,345
J. Machinery of all kinds, including belting for machinery	1,28,802	1,68,726	35,272
K. Metals, Iron and Steel, and manufactures thereof	13,09,118	46,81,973	59,43,793
L. Metals, other than Iron and Steel, and manufactures thereof	87,66,563	58,07,432	1,19,02,308
M. Paper, Pasteboard and Stationery	3,85,904	3,56,264	1,87,739
N. Railway Plant and Rolling Stock	2,55,436	2,88,128	11,34,426
O. Yarns and Textile fabrics	67,03,67,674	78,18,99,046	72,18,18,509
P. Miscellaneous	3,11,72,562	5,01,47,166	4,09,56,914
Total, Class III.	87,90,60,211	103,24,59,758	86,91,08,292
IV. Miscellaneous and Unclassified	2,06,03,382	3,70,91,664	4,29,20,479
Total Value of Exports of Merchandise on private account.	2,39,32,50,496	3,09,01,51,174	2,38,31,10,930
B. *Government Stores*, Exports	1,25,29,126	3,27,68,083	5,29,70,110
Total Exports of Indian Merchandise	2,40,57,79,622	3,12,29,19,257	2,43,60,81,040
C. *Re-exports*—On Private Account ..	14,55,63,026	17,77,80,125	18,04,79,866
Government Stores ..	18,59,962	2,68,79,373	4,29,08,569
Total re-exports	14,74,22,988	20,46,59,498	22,33,88,435
Grand Total, Exports of Merchandise	2,55,32,02,610	3,32,75,78,755	2,65,94,69,475

IV.—Sea-borne Trade—Analysis of Imports of Merchandise on Private Account, showing separately the principal countries of origin.

Note.—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1918–19.	1919–20.	1920–21.
British Empire :—	Rs.	Rs.	Rs.
United Kingdom	76,99,62,130	1,04,98,32,780	2,04,51,56,502
Aden and Dependencies	89,19,375	1,01,97,700	92,74,611
Ceylon	2,93,01,363	2,51,21,720	1,94,70,570
Straits Settlements (including Labuan)	5,60,66,792	5,93,42,790	4,74,61,561
Hong Kong	1,78,25,265	2,74,72,300	2,48,81,448
Egypt	1,63,59,615	1,38,62,710	1,54,25,133
Union of South Africa	16,09,005	19,66,050	16,00,666
Mauritius and Dependencies (including Seychelles)	2,56,18,320	1,28,15,990	90,25,374
Zanzibar and Pemba	78,14,760	80,85,640	43,93,798
East African Protectorate	1,06,68,630	85,82,270	94,12,627
Canada	5,13,480	4,78,570	1,32,89,185
Australia	2,16,97,584	3,24,40,793	1,20,47,254
New Zealand	33,345	1,19,820	10,540
Other British Possessions	34,76,235	42,35,770	41,17,848
Total—British Empire	96,98,65,899	1,25,45,54,903	221,55,67,117

IV.—Sea-borne Trade—Analysis of Imports of Merchandise on Private Account, showing separately the principal countries of origin—continued.

NOTE—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1918–19.	1919–20.	1920–21.
Foreign Countries :—			
Russia	48,465	15,31,487	21,78,605
Sweden	51,42,525	56,60,350	1,91,65,828
Norway	90,24,420	47,75,230	1,69,47,792
Germany	2,295	4,31,757	4,78,26,312
Holland	25,35,270	99,06,550	3,02,79,076
Belgium	62,925	69,80,510	5,32,80,539
France	1,84,64,586	1,76,87,860	3,63,74,418
Spain	30,87,720	53,66,000	34,13,603
Switzerland	45,86,715	79,56,450	2,28,01,187
Italy	91,72,380	1,36,93,810	4,13,12,038
Austria-Hungary	150	12,65,030	63,82,521
Turkey, Asiatic	45,10,125	83,86,070	88,03,409
Arabia	39,80,640	54,23,030	55,16,144
Persia	1,11,78,720	2,29,89,610	1,28,41,639
Sumatra, Java and Borneo	11,62,71,180	21,53,57,230	17,04,33,669
Siam	35,38,560	82,37,830	60,70,669
China (exclusive of Hong Kong and Macao)	2,47,12,485	3,83,34,070	3,03,75,195
Japan	33,52,27,590	19,15,26,330	26,45,73,175
Portuguese East Africa	10,76,460	15,79,340	16 86,476
Italian East Africa	24,13,800	25,96,750	19,43,149
United States of America	16,14,86,246	25,26,73,892	35,30,75,614
Other Foreign Countries	39,52,265	28,09,851	47,50,323
Total—Foreign Countries	72,04,75,522	82,51,69,037	1,14,00,31,381
Grand Total	1,69,03,41,421	2,07,97,23,940	3,35,55,98,498

V.—Sea-borne Trade—Analysis of Exports of Indian Merchandise on Private Account, showing separately the principal countries of destination.

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1918–19.	1919–20.	1920–21.
British Empire :—	Rs.	Rs.	Rs.
United Kingdom	69,94,70,115	92,92,12,870	52,58,00,948
Gibraltar	4,45,392	3,45,100	90.405
Aden and Dependencies	1,76,76,213	1,98,89,020	2,29,20,265
Ceylon	10,11,25,673	10,79,31,480	11,42,30,155
Straits Settlements (including Labuan)	7,02,23,140	7,25,28,340	8,75,81,344
Hong Kong	4,88,55,499	8,71,57,820	7,14,13,659
Egypt	14,74,78,757	3,37,18,190	3,41,50,772
Union of South Africa	3,95,07,917	1,43,20,040	1,77,97,347
Mauritius and Dependencies (including Seychelles)	1,27,29,824	1,33,67,980	1,83,43,960
Zanzibar and Pemba	43,71,766	44,96,480	46,58,209
East African Protectorate	68,80,416	86,26,480	98,48,709
Canada	2,41,70,079	1,69,28,540	1,33,59,800
British West India Islands	40,63,141	9,60,250	40,25,606
Australia	6,38,83,444	3,39,37,070	6,28,42,374
New Zealand	89,55,675	59,22,020	85,92,852
Other British Possessions	1,42,08,577	1,40,64,410	2,41,44,521
Total—British Empire	1,26,40,45,628	1,36,34,06,090	1,01,98,00,926

V.—Sea-borne Trade—Analysis of Exports of Indian Merchandise on Private Account, showing separately the principal countries of destination—continued.

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1918–19.	1919–20.	1920–21.
Foreign Countries :—	Rs.	Rs.	Rs.
Russia	—	44,270	—
Sweden	14,42,813	33,86,540	27,09,835
Norway	31,47,201	24,14,620	51,67,114
Germany	—	1,38,58,550	8,81,75,389
Holland	9,27,869	1,60,61,225	1,27,07,238
Belgium	1,08,240	9,42,35,460	12,63,85,381
France	8,86,82,315	15,68,66,615	8,09,56,326
Spain	57,62,623	2,35,69,270	2 76,16,092
Switzerland	15,25,137	52,95,450	25,53,374
Italy	9,53,11,385	7,71,19,130	6,55,15,364
Austria-Hungary	14,79,297	35,70,060	85,01,573
Turkey, European	—	34,65,470	14,75,477
,, Asiatic	4,00,01,633	5,21,32,150	4,37,60,742
Arabia	1,54,99,024	1,34,75,170	1,60,82,354
Persia	3,15,37,378	2,65,43,800	2,00,49,852
Sumatra	34,60,847	14,37,310	15,98,748
Borneo and Java	3,46,95,050	1,97,09,500	2,96,18,116
Siam	1,07,27,101	1,18,75,980	99,76,487
Indo-China	2,51,75,714	1,08,84,310	1,44,62,746
China (exclusive of Hong-Kong and Macao)	2,80,26,370	10,82,13,530	8,36,43,810
Japan	29,14,31,774	46,26,63,360	24,15,95,136
Portuguese East Africa	1,20,91,700	32,28,850	54,51,346
Italian East Africa	5,78,820	9,29,610	14,23,445
Other East African Ports	41,61,442	21,21,040	37,89,926
United States of America	33,06,76,751	48,62,11,870	34,74,63,556
West Indies	1,85,04,968	2,06,61,940	1,95,54,986
South America	6,84,93,605	8,62,41,600	8,48,89,556
Oceania	42,84,634	44,14,400	34,77,971
Other Foreign Countries	1,15,01,220	1,67,77,054	1,47,93,521
Total—Foreign Countries	1,12,92,04,868	1,72,67,45,084	1,36,38,95,428
Grand Total	2,39,32,50,496	3,09,01,51,174	2,38,31,96,354

EAST INDIA: ACCOUNTS AND ESTIMATES 1922-1923.

EXPLANATORY MEMORANDUM

BY THE

UNDER-SECRETARY OF STATE FOR INDIA

Presented to Parliament by Command of His Majesty

LONDON:
PRINTED & PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE
be purchased through any Bookseller or directly from H.M. STATIONERY OFFICE
at the following addresses: Imperial House, Kingsway, London, W.C.2, and
28 Abingdon Street, London, S.W.1; 37 Peter Street, Manchester;
1 St. Andrew's Crescent, Cardiff; and 23 Forth Street,
Edinburgh.

1922.

[Cmd. 1766] Price 9d. Net.

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MEMORANDUM

BY THE

UNDER-SECRETARY OF STATE FOR INDIA

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA for 1920-21 and the ESTIMATES for 1921-22 and 1922-23.

I.—INTRODUCTORY.

Separation of Central and Provincial Finances.

The Government of India Act, 1919, was designed *inter alia* to secure a greater measure of independence for Provincial Governments, and to this end provision was made, in the Act and in Rules subsequently published under authority of the Act, for the delimitation of the functions of Government, as between the Government of India and the chief Provincial Governments, and for the definite assignment to each of these Provincial Governments of specific revenues of their own. Effect has been given to these measures of devolution in the eight "Governors' Provinces" (viz.: Bengal, Madras, Bombay, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces, Assam) and in Burma. As regards these nine provinces the functions of Government have been classified as either "central subjects" or "provincial subjects." A general authority to control all matters coming under the latter head, subject to certain expressed provisos, is devolved upon the Provincial Governments concerned.

The sources of revenue which have been given to Local Governments for the purpose of defraying their administrative charges consist, in the main, of the receipts accruing from provincial loans and from those provincial subjects which are revenue-producing, the principal heads being Land Revenue, Irrigation, Stamp Duties and Excise. In addition, a local Government

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is given a share in any expansion of Income Tax (otherwise a " central " source of revenue) due to an increase of the assessed incomes within the Province; the amount allocated is, in effect, three pies in the rupee on the amount by which the total of assessed incomes in any year exceeds the total thereof in the year 1920-21.

When the division of the sources of revenue was made between the Central and Provincial Governments it was realized that the Central Government would be left insufficiently provided. It was therefore arranged that an annual contribution should be made by eight of the nine local Governments to the Central Government. The annual contributions fixed at the outset aggregated 983 lakhs of rupees. They were not, except in case of emergency and with the sanction of the Secretary of State, to be subject to increase, and should reduction of the aggregate be found possible reductions were to be made in fixed proportions from the quotas of the several Provinces. The general policy which it is intended to pursue in the matter is a progressive reduction of provincial contributions with a view to their ultimate cessation.*

The revised financial arrangements outlined above came into force from the 1st April, 1921, as from which date all " provincial " revenue and expenditure ceased to be included in the estimates and accounts of the Central Government. The result was a considerable diminution of the amounts shown under a number of heads and in the totals of revenue and expenditure. Opportunity was also taken to revise, as from the same date, the classification of account heads. Any comparison of the present year's figures, and those of 1921-22, with the figures given under the same heads in the accounts of former years could not but be misleading. The latter have, therefore, for purposes of comparison, required recalculation; and the figures shown in this Memorandum for 1920-21 (Accounts) are approximate figures representing what the amounts would have been had the new division of revenue and expenditure between the Central and Provincial Governments, and the new classification of account heads, been in force in that year.

Exchange.

Conversion Rate.—Since the 1st April, 1920, sterling transactions have, for the purpose of the Accounts and Estimates, been converted into rupees on a uniform basis of Rs. 10 to the £. The actual market value of the rupee, however, has varied considerably from that rate, e.g., the average rate during 1921–22 was slightly above Rs. 15 to the £, and the average rate assumed (for purposes of the Budget) for 1922–23 is Rs. 15 to the £. As a result, the rupee figure shown for any item of English expenditure (as

* As a special measure, the annual contribution of Rs. 63 lakhs made by the Province of Bengal has been remitted for three years with effect from 1922–23.

converted at Rs. 10 to the £) does not correctly represent the actual charge incurred in making that expenditure. For instance, when a disbursement of £1,000 is made in England, the amount shown in rupees in the accounts as a disbursement in England will be Rs. 10,000. But (at the rate of Rs. 15 to the £ assumed for 1922–23) a disbursement of £1,000 represents a real charge of Rs. 15,000. The balance of Rs. 5,000 is treated as a disbursement on account of " exchange," and for accounting purposes is regarded as a " disbursement in India." The procedure by which this is effected is described in the following paragraph.

Method of Accounting.—All exchange credits or debits arising in respect of remittances and cognate transactions, owing to the remittances, etc., having been effected at rates differing from the conventional " conversion rate," are recorded in the first instance under a Suspense Head " Exchange on Remittance Accounts." The amount of credits or debits attributable to the revenue and capital accounts, in respect of the net outlay incurred in England, is then transferred to the respective accounts, these transfers being made monthly on the basis of the average telegraphic transfer rates (Calcutta on London). Of the amount transferred to revenue account, the portion which relates to net outlay in England on commercial services (Railways, Irrigation, and Posts and Telegraphs) is carried to the respective heads, and the balance is shown under the General Revenue and Expenditure Head " Exchange." (*See* next paragraph). After making the above transfers to the several heads, the balance outstanding in the Suspense Account is normally held against the possibility of opposite results in succeeding years. (It is estimated that at the end of 1922–23, a net credit balance of Rs. 60 lakhs will be held in suspense on this account.)

Non-commercial Revenue Heads.—The net exchange debit in respect of non-commercial revenue heads, which is entered in the accounts under the single Revenue and Expenditure Head " Exchange," was as follows, in the three years under review :—

		Rs.
1920–21.	(Accounts)	3,23,39,526
1921–22.	(Revised Estimate) ...	8,49,92,000
1922–23.	(Budget)	9,95,50,000

Rates of Exchange for the three years under review.—The average of the daily rates (telegraphic transfer, Calcutta on London) for 1920–21 was Rs. 11·6183 to the £. The respective rates assumed for the purpose of compiling the Estimates, have been :—

For the Budget Estimate of 1921–22, Rs. 12·0 to the £.

For the Revised Estimate of 1921–22, Rs. 15·0466 to the £.

For the Budget Estimate of 1922–23, Rs. 15·0 to the £.

II.—REVENUE, AND EXPENDITURE CHARGED TO REVENUE.

Gross Revenue and Expenditure.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follows:—

Gross Revenue and Expenditure.	Accounts, 1920–21.	Revised Estimate, 1921–22.	Budget, 1922–23.
	Rs.	Rs.	Rs.
Revenue	116,80,47,592	113,15,32,000	133,22,78,000
Expenditure	149,08,04,979	141,94,52,000	142,39,06,000
Surplus or *Deficit* ..	*32,27,57,387*	*28,79,20,000*	*9,16,28,000*

In these figures all receipts are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure.

The figures of Gross Revenue just given include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges, the total receipts from the sale of opium, and the receipts of certain spending departments; while the figures of Gross Expenditure include the interest charges of commercial undertakings, and the cost of cultivation and manufacture of opium. This method of compiling the figures causes the revenue available for administrative purposes and the expenditure on such purposes to appear greater than they really are. A statement of the net revenue and expenditure of the Central Government for the three years under review is therefore given in the table below, which shows the *net* revenue derived from commercial undertakings, after deducting all expenditure including interest charges, similar adjustments being made under other heads of revenue and expenditure by deducting (1) the cost of cultivation and manufacture of opium from sale receipts, and (2) the receipts of the spending departments from the gross expenditure incurred by them. The cost of the establishments maintained for the collection of revenue is not shown as a deduction from revenue, but as a separate head of expenditure.

Net Revenue.

———	Accounts, 1920–21.		Budget, 1921–22.		Revised Estimate, 1921–22.		Budget, 1922–23.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Principal Heads of Revenue :—*								
1. Customs ..	30,97,67,468		37,73,28,000		34,60,14,000		45,41,84,000	
2. Taxes on Income ..	20,91,74,322		18,58,07,000		18,14,13,000		22,11,39,000	
3. Salt	6,18,79,814		7,00,66,000		6,41,62,000		6,86,03,000	
4. Opium ..	2,29,65,425		2,20,31,000		1,15,83,000		1,23,09,000	
5. Other Heads..	2,25,26,077		2,44,80,000		2,20,46,000		2,35,85,000	
		62,63,13,106		67,97,12,000		62,52,18,000		77,98,20,000
II. *Commercial Undertakings :—*								
1. Railways* ..	5,64,09,263		4,08,50,000		*—9,26,77,000*		5,12,41,000	
2. Irrigation ..	*—8,90,454*		*—7,52,000*		*—6,36,000*		*—3,97,000*	
3. Posts and Telegraphs ..	17,83,257		1,10,72,000		*—99,90,000*		77,96,000	
		5,73,02,066		5,11,70,000		*—10,33,03,000*		5,86,40,000
III. *Currency, Mint and Exchange :—*								
1. Currency ..	1,30,51,074		*—62,86,000*		3,35,06,000		2,38,83,000	
2. Mint	47,61,761		22,33,000		*—4,31,000*		*—2,74,000*	
3. Exchange ..	*—3,23,39,526*		*—3,28,54,000*		*—8,49,92 000*		*—9,95,50,000*	
		—1,45,26,691		*—3,69,07,000*		*—5,19,17,000*		*—7,59,41,000*
IV. *Provincial Contributions and Adjustments*		9,19,76,000		12,30,91,000		12,22,78,000		8,57,36,000
V. *Miscellaneous Civil Receipts* ..		2,36,01,415		7,26,27,000		6,52,01,000		25,69,000
Total Net Revenue ..		78,46,65,926		88,96,93,000		65,74,77,000		85,08,24,000

* Exclusive of receipts from the surtax on goods traffic (included under "Miscellaneous Civil Receipts") amounting in 1920–21 to about Rs. 1 crore and in 1921–22 to about Rs. 6 crores.

Net Expenditure.

	Accounts, 1920–21.		Budget, 1921–22.		Revised Estimate, 1921–22.		Budget Estimate, 1922–23.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Debt Services* ..		11,51,27,566		9,59,52,000		13,22,68,000		14,35,78,000
II. *Military Services* :—								
1. Army ..	75,77,60,233		56,50,04,000		58,39,05,000		56,51,72,000	
2. Marine ..	60,98,292		85,26,000		84,26,000		1,13,73,000	
3. Military Works	5,36,78,791		4,84,70,000		5,07,55,000		4,52,55,000	
		81,75,37,316		62,20,00,000		64,30,86,000		62,18,00,000
III. *Collection of Revenue*		2,90,30,021		3,40,97,000		3,18,90,000		3,67,11,000
IV. *Civil Administration*								
1. Audit.. ..	55,09,655		64,65,000		71,06,000		81,76,000	
2. Political ..	3,42,87,868		2,09,63,000		2,09,59,000		2,88,99,000	
3. Other Charges	4,63,16,926		4,92,55,000		5,42,87,000		5,16,82,000	
		8,61,14,449		7,66,83,000		8,23,52,000		8,87,57,000
V. *Miscellaneous Civil Charges* ..		4,11,90,509		3,97,88,000		4,16,70,000		3,65,49,000
VI. *Civil Works* ..		1,84,23,452		1,40,73,000		1,41,31,000		1,50,57,000
Total Net Expenditure charged against Revenue		110,74,23,313		88,25,93,000		94,53,97,000		94,24,52,000
Surplus(+) or *Deficit*(−)		*−32,27,57,387*		+71,00,000		*−28,79,20,000*		*−9,16,28,000*

Accounts, 1920-21.

It will be seen from the table that the final accounts for 1920-21 show a deficit of Rs.32,27,57,387.

Revised Estimate, 1921-22.

The Revised Estimate of 1921-22 shows, as compared with the Budget of that year, a decrease of Rs.23,22,08,000 in net revenue, and an increase of Rs.6,28,12,000 in net expenditure, with the result that the surplus of Rs.71,00,000 in the Budget Estimate becomes a deficit of Rs.28,79,20,000 in the Revised Estimate. The increases and decreases in detail were as follows:—

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Currency	3,97,92,000	Railways.. ..	13,35,27,000
Irrigation	1,24,000	Exchange ..	5,21,38,000
		Customs	3,13,14,000
		Posts and Telegraphs.. ..	2,10,62,000
		Opium	1,04,48,000
		Salt	59,04,000
		Taxes on Income	43,94,000
		Other Heads ..	1,33,37,000
Total	3,99,16,000	Total ..	27,21,24,000

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Debt Services ..	3,63,16,000	Collection of Revenue ..	22,07,000
Military Services ..	2,10,86,000		
Civil Administration..	56,69,000		
Other Heads	19,48,000		
Total	6,50,19,000	Total ..	22,07,000

Notes on the Heads under which the principal variations occur will be found in Appendix I.

Budget, 1922-23.

In framing the Budget for 1922-23, the Government of India estimated that the expenditure during the year, chargeable to Central Revenues, would be Rs.142¼ crores, as against a revenue (on the basis of existing taxation, and including the provincial contributions) amounting to Rs.110½ crores. Towards meeting this deficiency, it was proposed, (i) with a view to ensuring that the railway system and the Postal and Telegraph Service should not be run at a loss, to effect an increase in passenger fares, estimated to yield Rs.6 crores in the year, and to introduce higher postal charges, estimated to yield Rs.1,60 lakhs. In addition, (ii) additional taxation was proposed, with an estimated yield of Rs.21½ crores, leaving an uncovered deficit of Rs.2¾ crores.

As a result of the discussion in the Legislature, certain modifications were introduced into the Budget. Reductions totalling Rs.95½ lakhs were made under several heads of voted expenditure.

The additional revenue from the measures finally passed, of which details will be found in Appendix II (*b*) (pages 32–3), was estimated to be as follows:—

	Rs. lakhs.
Postal Charges	1,60
Customs and Excise	9,64
Taxes on Income..	2,25
Total	13,49

It was also decided to suspend for two years (i.e., until 1st April, 1923) the introduction of the procedure whereby the interest on the Paper Currency Reserve investments was to be applied to the reduction of the fiduciary note issue, and to credit the amounts to revenue. It was estimated that Rs.3 crores would accrue under this head in 1922-23.

In addition to the revision of the railway passenger fares mentioned above, the goods rates were also enhanced, but the increase in revenue from this source is counterbalanced by the abolition of the freight tax on goods traffic.

In the Budget, as finally passed, the net revenue and expenditure were estimated as follows:—

	Rs.
Net Revenue	85,08,24,000
Net Expenditure	94,24,52,000
Deficit	9,16,28,000

As compared with the Revised Estimate for 1921-22, these figures show an increase of Rs.19,33,47,000 in net revenue, a decrease of Rs.29,45,000 in net expenditure, and an estimated deficit of Rs.9,16,28,000, as compared with Rs.28,79,20,000.

The increases and decreases in the Budget as compared with the Revised Estimate for 1921-22 in detail are as follows:—

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Railways	14,39,18,000	Miscellaneous Civil Receipts ..	6,26,32,000
Customs	10,81,70,000	Adjustments with Provincial Governments ..	3,65,42,000
Taxes on Income ..	3,97,26,000	Exchange ..	1,45,58,000
Posts and Telegraphs	1,77,86,000	Currency.. ..	96,23,000
Salt	44,41,000		
Opium	7,26,000		
Irrigation	2,39,000		
Mint	1,57,000		
Other Heads	15,39,000		
Total	31,67,02,000	Total ..	12,33,55,000

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Debt Services ..	1,13,10,000	Army	1,87,33,000
Political	79,40,000	Military Works ..	55,00,000
Collection of Revenue	48,21,000	Miscellaneous Civil Charges..	51,21,000
Marine	29,47,000	Civil Administration, Other Charges ..	26,05,000
Audit	10,70,000		
Civil Works	9,26,000		
Total	2,90,14,000	Total ..	3,19,59,000

Notes on the Heads under which the principal variations occur will be found in Appendix I.

III.—BURDEN OF TAXATION.

	Accounts, 1919–20.	Accounts, 1920–21.	Budget Estimate, 1921–22.	Budget Estimate, 1922–23.
	Lakhs of Rs.	*Lakhs of Rs.*	*Lakhs of Rs.*	*Lakhs of Rs.*
Salt	5,26·37	5,80·24	6,60·96	6,47·25
Stamps	10,79·12	10,82·07	11,50·42	13,76·29
Excise	18,99·54	20,14·29	20,75·21	17,84·85
Customs	21,44·55	30,95·36	37,70·94	45,38·31
Taxes on Income ..	22,43·41	20,91·74	21,83·46	22,33·11
Registration	1,08·33	1,11·79	1,18·25	1,22·62
Amusement Tax (Bengal)	—	—	—	30·00
Total (excluding Land Revenue)	80,01·32	89,75·49	99,59·24	107,32·43
Land Revenue	32,78·91	30,80·86	35,18·82	36,03·04
Total (including Land Revenue)	112,80·23	120,56·35	134,78·06	143,35·47
The payment per head, on the assumption that the whole of the taxation is paid by the inhabitants of British India, is :—				
(i) exclusive of Land Revenue ..	*Rs.* 3·256	*Rs.* 3·634	*Rs.* 4·012	*Rs.* 4·302
(ii) inclusive of Land Revenue ..	4·590	4·881	5·430	5·746

The above figures include both Central and Provincial revenue.

For the purpose of calculating the payment per head, the figures of population have been based on the Census of 1921, an annual increase of population at the rate of one-half per cent. being assumed.

IV.—DEBT TRANSACTIONS AND CAPITAL EXPENDITURE.

Debt Transactions.

1921–22.—The Government of India issued a loan in India of unlimited amount in the form of five- and ten-year Bonds at par, bearing interest at 6 per cent., free of Indian income-tax, and maturing in 1926 and 1931 respectively.

Conversion facilities were provided for Indian War Bonds, 1921 and 1922, and arrangements were made for the first time for subscriptions to be received at the London Office of the Imperial Bank of India.

The total amounts subscribed were as follows:—

——	Cash.	War Bonds.	Post Office.	Total.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Five Year Bonds	29,18,17,550	8,05,20,350	66,09,600	37,89,47,500
Ten Years Bond	8,52,17,750	2,52,46,050	26,13,200	11,30,77,000
Total ..	37,70,35,300	10,57,66,400	92,22,800	49,20,24,500

The Temporary Debt was increased during the year, according to the Revised Estimate, by Rs. 25,08 lakhs, and £50,000 Railway Debentures were discharged.

The issue of Treasury Bills was continued during 1921–22 with the exception of the period 9th May to 2nd October. The amount outstanding on 31st March, 1922, was Rs. 1,11,90,65,000, of which Rs. 57,89,00,000 was held on account of the Paper Currency Reserve. The corresponding figures on 31st March, 1921, were Rs. 1,04,99,55,000 and Rs. 61,26,00,000 respectively.

Besides the Sterling Loan of £7,500,000, issued in April, 1921, particulars of which are contained in the Explanatory Memorandum for 1921–22, a further sterling issue was made in December, 1921, in the form of 5½ per cent. stock repayable at par in January, 1932, and issued at £93 10*s*. per cent. to the amount of £10,000,000, to be used for Indian Railway purposes. Facilities were provided for the receipt of subscriptions from India.

1922–23.—The budget provided for a capital outlay of Rs. 30 crores on railways, Rs. 1·4 crores on Posts and Telegraphs, Rs. 2 crores on the new Capital at Delhi; and for the discharge of:—

Rs. 22,14,46,000 Treasury Bills, *viz.*:—Rs. 11,00,00,000 held by the public, and Rs. 11,14,46,000 held in the Paper Currency Reserve;

Rs. 7,50,00,000 5½ per cent. War Bonds, 1922, and

Rs. 30,00,000 5½ per cent. War Bonds, 1920 and 1921, which were not presented for repayment on maturity.

It further assumed the issue of a Rupee Loan in India of Rs. 25 crores, and the issue of sterling loans of £16,000,000.

A further issue of £12,500,000 5½ per cent. stock, repayable at par in January, 1932, and to be consolidated with the previous issue of April, 1921, was made in June, 1922, at £96 per cent. It was announced at the time of issue that the entire proceeds would be utilized for Indian railway purposes. Facilities for subscriptions from India were again provided.

The Rupee Loan was opened in July, 1922. The loan was unlimited in amount and was issued as last year in the form of five- and ten-year bonds at par, carrying interest at 6 per cent. per annum free of Indian Income Tax; subscriptions were admissible in cash, Indian War Bonds, 1922, Indian Treasury Bills and Indian Post Office Cash Certificates. Subscriptions were receivable both in India and in London. The Loan closed for cash subscriptions on the 14th August, 1922, and for the conversion of 1922 War Bonds up to 26th September, 1922. The total subscriptions amounted to Rs. 46¾ crores.

Railways.

On the 31st March, 1921, the length of railways in India open for traffic was 37,029 miles, of which 298½ miles were opened in the preceding twelve months. The total route mileage under construction, or sanctioned for construction, at the close of the year was 1,895 miles. (*See* App. II. (*c*) (i).)

The capital expenditure on railways shown in the Government Accounts for 1920-21 and Estimates for 1921-22 and 1922-23 is as follows:—

	Accounts, 1920–21.	Revised Estimate, 1921–22.	Budget, 1922–23.
	Rs.	*Rs.*	*Rs.*
(A) Outlay on lines worked by the State and by guaranteed companies:—			
(1) From funds provided by the State ..	25,88,88,911	23,02,94,000	26,13,26,000
(2) From funds raised through companies or provided from other sources ..	——	64,65,000	3,86,74,000
	25,88,88,911	23,67,59,000	30,00,00,000
(B) Deposits of branch line companies ..	2,65,010	41,000	8,000
Total ..	*25,91,53,921	*23,68,00,000	*30,00,08,000

* The figures in the above table have been arrived at after allowing for adjustment in respect of exchange, as part of the credit or debit budgeted under this head is allocated to railway capital account.

The following table shows the capital outlay on all State lines up to the end of each year and the net return obtained after deducting working expenses and interest charges (*see* also table in Appendix II (*c*) (*ii*)):—

——	Accounts, 1920–21.	Revised Estimate, 1921–22.	Budget, 1922–23.
	Rs.	*Rs.*	*Rs.*
Capital at charge at end of each year	5,22,86,73,000	5,44,90,42,000	5,73,39,85,000
* Working profit from railways excluding interest charges ..	25,52,54,000	14,83,61,000	30,68,07,000
Percentage of same to capital outlay ..	4·88%	2·72%	5·35%
* Final working profit (or *loss*) after meeting interest charges ..	*Rs.* 5,63,96,000	*Rs.* *—9,26,77,000*	*Rs.* 5,12,41,000
Percentage of same to capital outlay ..	1·08% (gain)	*1·70%* (*loss*)	0·89% (gain)

* Exclusive of receipts from the surtax on goods traffic (accounted for under the head " Miscellaneous Civil Receipts ") amounting in 1920–21 to about Rs. 1 crore, and in 1921–22 to about Rs. 6 crores.

Posts and Telegraphs

In the Budget for 1922-23 provision has been made of Rs.1,45 lakhs for capital outlay on the Indian Postal and Telegraph Department. The corresponding figures for 1921-22 were:—Budget Estimate, Rs. 1 crore; Revised Estimate, Rs. 1,28,06,000. Prior to 1921-22 all expenditure on the Department, inclusive of capital outlay, was charged to Revenue. (*See* also footnote to table on page 15.)

Expenditure on the New Capital at Delhi.

The capital expenditure incurred, or estimated to be incurred, during the three financial years under review, on permanent works at Delhi is as follows:—

	Rs.
1920-21 (Accounts)	1,25,75,011
1921-22 (Revised Estimate)	1,40,10,000
1922-23 (Budget Estimate)	2,00,00,000

The total actual expenditure incurred up to 31st March, 1921, was Rs. 4,82,00,000.

Debt, Liabilities, and Assets.

The total permanent debt is classified in the Accounts as (1) Productive Debt, and (2) Ordinary Debt. The amount entered as belonging to the former category is the equivalent of the total capital expenditure which has been incurred by the State on Railways, Irrigation Works, and Posts and Telegraphs, including the amount advanced to Railway Companies for capital expenditure; the " Ordinary Debt " consists of the difference between the total debt in existence and the amount entered as Productive Debt. The

effect of this system of classification is to decrease the amount of the Ordinary Debt, with a corresponding increase in the Productive Debt, in any year in which the capital expenditure on Railways, Irrigation, and Posts and Telegraphs exceeds the amount of debt incurred in the year, *e.g.*, owing to the use of surplus revenue or deposits for construction.

In the following table the sterling and rupee debts of India have been combined at the rate of Rs. 10=£1, and for comparative purposes the same basis has been used for previous years. It will be seen from the table that on this basis of calculation the ordinary debt of India in the years 1915, 1916, and 1917 had, by the process already described, been reduced to a minus quantity, *i.e.*, the total outstanding debt was then less than the total sum which had been spent by the Government of India on Railways and Irrigation. This position was altered in subsequent years owing to a portion of the first Indian War Loan being raised in 1916-17, and owing to the contribution of £100,000,000 made by India in 1917–18 towards the cost of the war.

	31/3/15.	31/3/16.	31/3/17.	31/3/18.
Productive Debt:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
(1) Railways	3,21,21,76,000	3,22,99,73,110	3,25,25,50,700	3,30,63,50,600
(2) Irrigation	61,68,30,110	63,68,41,720	64,92,82,850	65,98,76,100
(3) Posts and Telegraphs* ..				
Ordinary or Non-productive Debt ..	*—56,18,37,330*	*—56,04,98,840*	*—48,27,15,980*	42,16,11,910
Treasury Bills and short term Loans..	18,00,00,000	13,50,00,000	50,00,000	47,57,05,000
Total	3,44,71,68,780	3,44,13,15,990	3,42,41,17,570	4,86,35,43,610

	31/3/19.	31/3/20.	31/3/21.	31/3/22.†
Productive Debt:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
(1) Railways	3,37,55,63,850	3,50,85,85,130	3,77,45,54,938	3,99,13,39,780
(2) Irrigation	66,73,60,220	67,50,86,770	68,77,12,546	77,77,61,590
(3) Posts and Telegraphs* ..				15,49,50,700
Ordinary or Non-productive Debt ..	56,73,55,070	51,12,72,870	22,35,56,424	31,48,66,660
Treasury Bills and short term Loans..	49,24,30,000	52,98,00,000	1,04,93,10,000	1,11,82,82,750
Total	5,10,27,09,140	5,22,47,44,770	5,73,51,33,908	6,35,72,01,480

* Prior to 1921-22 all capital outlay on the Indian Postal and Telegraph Department was financed from revenue. Commencing with the Budget for that year, such outlay is now met from loan funds, and a computation has therefore been made of past outlay, interest thereon being charged to the revenue account of the Department as in the case of capital outlay on railways and irrigation works.

† Figures for 31/3/22 are provisional.

There are also other obligations of the Government of India, including Post Office Cash Certificates, which are treated in the Government of India's Accounts as unfunded debt, Savings Bank balances, Judicial and Departmental deposits, balances of Service Funds, etc., amounting on 31st March, 1922, to Rs. 83,20,89,418, and the various railway annuities, representing in 1921-22 an expenditure of Rs. 5,06,00,000. But of this last-mentioned sum, Rs. 1,13,75,000 was devoted to redemption of capital liabilities. The total liability redeemed by these annual payments amounted on 31st March, 1922, to Rs. 19,35,51,200.

On that date, also, the Government of India had lent Rs. 8,77,22,250 (net) to Native States, Corporations, Agriculturists, etc. Other assets were the Gold Standard Reserve, consisting of sterling securities of an estimated value of £40,140,132, and £1,775 in cash; the cash balances in India, Rs. 25,69,50,000; and the Treasury balances in England, £8,835,473.*

* The figures in the final sentence are actuals, and hence differ from the "Revised Estimate" figures in the following statement

V.—GENERAL STATEMENT OF THE RECEIPTS AND DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

The following table shows the opening balances, receipts, disbursements and closing balances, estimated or actual, of the Government of India in 1921-22 and 1922-23.

——	Budget, 1921–22.	Revised, 1921–22.	Budget, 1922–23.
	Rs.	*Rs.*	*Rs.*
Opening Balance, India ..	16,37,18,962	13,83,56,901	22,48,09,901
Opening Balance, England ..	*a* 6,00,18,930	*b* 7,20,98,319	*b* 7,00,48,319
Total Opening Balance ..	22,37,37,892	21,04,55,220	29,48,58,220
RECEIPTS—			
Revenue Surplus	71,00,000	—	—
Capital Contribution by Railway Companies and Indian States towards construction of State Railways ..	3,99,34,000	64,65,000	3,86,74,000
Permanent Debt (net incurred)	17,87,93,000	23,91,08,000	41,21,93,000
Temporary Debt (net incurred)	—	25,08,16,000	—
Unfounded Debt (net incurred)	4,14,66,000	4,44,75,000	3,07,15,000
Deposits and Advances (net)	14,15,65,000	14,25,50,000	24,76,67,000
Loans and Advances by Central Government (net Repayments)	18,23,000	—	9,74,000
Remittances (net)	7,50,34,000	5,56,15,000	1,41,53,000
Total Receipts.. ..	48,57,15,000	73,90,29,000	74,43,76,000
Total	70,94,52,892	94,94,84,220	1,03,92,34,220

a Of this amount, Rs. 5,510 represents the funds of the Gold Standard Reserve.

b Of this amount, Rs. 48,828 represents the funds of the Gold Standard Reserve.

——	Budget, 1921–22.	Revised, 1921–22.	Budget, 1922–23.
	Rs.	*Rs.*	*Rs.*
DISBURSEMENTS—			
Revenue Deficit	—	28,79,20,000	9,16,28,000
Construction of State Railways	17,81,56,000	23,67,59,000	30,00,00,000
Capital Outlay on Indian Postal and Telegraph Department	1,00,00,000	1,28,06,000	1,45,00,000
Construction of Irrigation Works	3,14,000	6,20,000	2,69,000
Initial Expenditure on new Capital at Delhi	1,06,89,000	1,40,10,000	2,00,00,000
Payments for Discharge of Debentures (net) ..	3,99,34,000	5,00,000	3,60,49,000
Temporary Debt (net Discharged)	20,41,69,000	—	29,94,46,000
Balances of Provincial Governments (net) ..	5,71,41,000	4,25,39,000	4,35,44,000
Loans and Advances by Central Government (net Advances)	—	2,72,000	—
Loans between Central and Provincial Governments (net Advances)	1,19,56,000	5,92,00,000	5,50,00,000
Total Disbursements ..	51,23,59,000	65,46,26,000	86,04,36,000
Closing Balance ..	19,70,93,892	29,48,58,220	17,87,98,220
Total	70,94,52,892	94,94,84,220	1,03,92,34,220
DISTRIBUTION OF CLOSING BALANCE—			
Closing Balance, India ..	15,06,25,962	22,48,09,901	13,63,34,901
Closing Balance, England ..	*a* 4,64,67,930	*b* 7,00,48,319	*b* 4,24,63,319

a Of this amount, Rs. 5,510 represents the funds of the Gold Standard Reserve.

b Of this amount, Rs. 48,828 represents the funds of the Gold Standard Reserve.

VI.—GOLD STANDARD RESERVE.

It was decided that, with effect from 1st April, 1900:—

(1) the net profit on the coinage of new rupees should not be treated as revenue, but should be paid to a special reserve (now called the Gold Standard Reserve);

(2) the Reserve should be held mainly in sterling securities, the interest being added to the reserve as it accrued.

From July, 1906, a portion of the Reserve was held in India in rupees in order that the Government of India might be in a favourable position for meeting heavy demands for the issue of rupees without delay in times of pressure.

In 1907 it was decided that half of the net profit on coinage from 1st April, 1907, should be used to supplement the funds available for capital expenditure on railways, the other half of the profit and the whole of the interest receipts being added to the Reserve as before. This arrangement was, however, shortly afterwards suspended and, in June, 1912, it was decided that interest on investments and profits on coinage, except profits retained in India for building up the rupee branch of the Reserve to the amount of 6 crores, should be held in gold at the Bank of England until the amount so held reached £5,000,000; no portion of the profit was to be used for railway purposes until the total *sterling* assets of the Gold Standard Reserve amounted to at least £25,000,000.

The Royal Commission on Indian Currency and Finance which reported in February, 1914, made certain recommendations bearing on the Gold Standard Reserve. Decisions on some of these recommendations were not taken owing to the outbreak of war; but in August, 1915, the silver branch of the Reserve was abolished, in accordance with the Royal Commission's proposal, and the 6 crores of rupees held therein was exchanged for a corresponding amount in gold (£4,000,000) from the Paper Currency Reserve. During the latter part of 1914, £3,450,000 in gold was taken from the Gold Standard Reserve to meet reverse bills in London; and the balance of gold remaining was transferred to the Paper Currency Reserve in 1916.

Since 1915, in addition to such profit on coinage as has accrued, the profit or loss arising on the remittances of funds for the Gold Standard Reserve has also been credited or debited to that Reserve.

The Indian Currency Committee of 1919 made the following recommendations in respect of the Gold Standard Reserve:—

(1) that no limit of amount should yet be fixed; (2) that all profits accruing on the coinage of rupees should be credited to the Reserve; (3) that gold should, under present conditions, be held in the Paper Currency Reserve rather than in the Gold Standard Reserve. When practicable the Gold Standard Reserve should contain a considerable proportion of gold, of which not more than one-half should be held in India; (4) in the meantime the Reserve should be kept as liquid as possible by the holding of securities with early dates of maturity; and (5) the final aim should be to hold no investments with maturities of more than 12 months.

The Finance Member announced to the Indian Legislative Council on the 2nd and 16th September, 1920, that from 1st April, 1921, the interest on investments in the Gold Standard Reserve, when that Reserve reaches £40,000,000, would be appropriated in reduction of the rupee securities created for the special purpose of the Currency Reserve, and that the profits on the rupee coinage, when such again arise, would also be devoted to this end.

Statistics, etc., regarding the Gold Standard Reserve.

The total receipts from profit on coinage, interest and discount, and profit by exchange up to 31st March, 1922, were as follows:—

	£
Profits on Coinage—1900-01 to 1921-22 ...	28,573,606
Interest and discount	14,976,153
Profit by exchange	194,917
	£43,744,676

Of this sum, £1,123,655 has been used for capital expenditure on railways; the remainder has been paid to the Reserve. The following table shows the disposal of the sums paid to the Reserve up to 31st March, 1922:—

	£	£		£
Profits on Coinage paid to Gold Standard Reserve—			Sterling Securities held in England (estimated value)	40,140,132
Total Profits realized 1st April, 1900, to 31st March, 1922 ..	28,573,606		Cash held in England on account of the Reserve	1,775
Deduct amount used for Capital Expenditure on Railways ..	*1,123,655*			
		27,449,951		
Interest and discount received up to 31st March, 1922	14,976,153			
Profit by exchange ..	194,917			
Profit through appreciation	694,438			
		15,865,508		
Profits and Interest paid to Reserve from 1st April, 1900, to 31st March, 1922		43,315,459		
Deduct—				
Loss on Sale, Redemption, and Conversion of Securities ..	*1,734,288*			
Transferred to Paper Currency Reserve in reduction of created securities	*1,418,690*			
Miscellaneous Charges	*20,574*			
		3,173,552		
Amount of Reserve on 31st March, 1922 ..		£40,141,907		£40,141,907

The Securities, estimated at £40,140,132 (as shown above), were as follows:—

Securities.	Nominal Value.	Cost Price.	Estimated Value on 31st March, 1922.
	£	£	£
2½ per cent. Consolidated Stock ..	1,000,000	455,000	562,500
Guaranteed 2¾ per cent. Stock ..	438,720	407,187	250,071
New South Wales 5½ per cent. Stock	129,000	127,832	129,000
National War Bonds	9,164,000	9,241,350	9,673,640
Treasury Bills	28,839,000	28,137,801	28,738,665
Transvaal Government 3 per cent. Guaranteed Stock	1,092,023	1,076,524	786,256
Total	40,662,743	39,445,694	40,140,132

The net profit on the Gold Standard Reserve Investments up to 31st March, 1922, is shown below:—

	£	£
Estimated value on 31st March, 1922		40,140,132
Cost price of securities held on 31st March, 1922		39,445,694
Gain through Appreciation		694,438
Loss on sale and redemption of securities ...		1,734,288
Net loss		1,039,850
Miscellaneous charges		20,574
Total of losses and charges		1,060,424
Interest and Discount received up to 31st March, 1922	14,976,153	
Profit by exchange	194,917	
		15,171,070
Net profit on Investments		£14,110,646

VII.—EXCHANGE AND REMITTANCE.

The sales by the Secretary of State of bills and transfers on India and by the Government of India of bills and transfers on London during the last ten years have been as follows:—

Sales by the Secretary of State.

1912–13 ..	£25,743,710	at an average rate of	1s. 4·058d. the rupee.
1913–14 ..	£31,200,827	,, ,,	1s. 4·070d. ,,
1914–15 ..	£ 7,794,002	,, ,,	1s. 4·004d. ,,
1915–16 ..	£20,371,460	,, ,,	1s. 4·088d. ,,
1916–17 ..	£33,021,429	,, ,,	1s. 4·148d. ,,
1917–18 ..	£34,913,141	,, ,,	1s. 4·534d. ,,
1918–19 ..	£22,539,438*	,, ,,	1s. 5·499d. ,,
1919–20 ..	£27,524,437†	,, ,,	1s. 10·643d. ,,
1920–21 ..	*nil.*		
1921–22....	*nil.*		

* In addition, £3,372,617 Council Bills were sold to Exchange Banks under special conditions at the rate of 1s. 4·16d.

† In addition £3,701,782 Council Bills were sold to Exchange Banks under special conditions at an average rate of 1s. 4·52d.

Sales by Government of India.

1914–15 ..	£8,707,000 Bills and Transfers { Bills at 1s. $3\frac{29}{32}$d. the rupee Transfers at 1s. $3\frac{15}{16}$d. and 1s. $3\frac{31}{32}$d. the rupee.
1915–16 ..	£4,893,000 deferred Transfers at 1s. $3\frac{29}{32}$d.
1918–19 ..	£5,315,000 Transfers at average rate of 1s. $5\frac{31}{32}$d. the rupee for immediates and 1s. $6\frac{1}{32}$d. for deferred.
1919–20 ..	£24,544,000 Transfers at average rate of 2s. 7·986d. the rupee for immediates and 2s. 6·009d. for deferred.
1920–21 ..	£30,988,000 Transfers at average rate of 2s. 2·102d. the rupee for immediates and 2s. 2·038d. for deferred.
1921–22 ..	*Nil.*

The large sales of drafts on the Secretary of State, which were made in 1919–20 and 1920–21, were in pursuance of the policy of supporting exchange recommended by the Indian Currency Committee of 1919.

Weekly sales were held in 1920–21 up to the end of September, by which time it had become apparent that the object in view could not at the time be achieved.

VIII.—SEA-BORNE TRADE.

The figures of Exports from, and Imports into, India during 1919–20, 1920–21, and 1921–22, are given in Appendix II (*d*) on pages 35 to 39.

WINTERTON.

India Office,
20th November, 1922.

APPENDIX I.

NOTES ON CERTAIN HEADS OF NET REVENUE AND EXPENDITURE.

NET REVENUE.

Customs.	*Rs.*
Accounts, 1920–21	30,97,67,468
Budget, 1921–22	37,73,28,000
Revised Estimate, 1921–22 ...	34,60,14,000
Budget, 1922–23	45,41,84,000

The large decrease in the Revised Estimate, as compared with the Budget, for 1921–22 was the result of the acute depression in trade during the year. The decline in the revenue from import duties would have been much greater but for abnormally heavy imports of sugar (due to good crops abroad and a fall in prices), the revenue from this source exceeding the Budget Estimate by Rs. 4½ crores.

The Budget Estimate for 1922–23 is based on the assumption that the trade conditions in the current year will show a slight improvement as compared with 1921–22; the revenue, on the basis of last year's taxation, being estimated at Rs. 36,43 lakhs.

Details of the receipts obtained or expected to be obtained under the respective heads are given in the table below. (For particulars of the revision of the import tariff, under the provisions of the Indian Finance Act, 1922, *see* page 32.)

SEA CUSTOMS.* Imports:—	Accounts, 1920–21.	Budget, 1921–22.	Revised Estimate, 1921–22.	Budget, 1922–23.
Special Import Duties.	*Rs.*	*Rs.*	*Rs.*	*Rs.*
1. Arms, Ammunition and Military Stores	6,15,000	10,00,000	7,55,000	8,50,000
2. Coal, coke and patent fuel	46,000	28,000	6,80,000	5,00,000
3. Liquors—				
(*a*) Ale, Beer, Porter, Cider and other fermented Liquors	8,89,000	13,00,000	11,23,000	16,00,000
(*b*) Spirits and Liqueurs	1,70,16,000	2,49,00,000	1,79,40,000	2,43,00,000
(*c*) Wines	9,01,000	14,50,000	12,08,000	14,00,000
4. Matches	16,57,000	1,10,00,000	1,16,07,000	2,05,00,000
5. Opium	3,000	3,000	4,000	3,000
6. Petroleum	77,34,000	85,00,000	85,00,000	1,30,00,000
7. Sugar, all sorts	1,09,17,000	2,35,00,000	6,87,00,000	6,25,00,000
8. Tobacco	1,31,26,000	1,60,00,000	91,20,000	1,40,00,000
Duty at 2½ per cent.				
9. Machinery	52,67,000	62,00,000	1,08,69,000	1,05,00,000
10. Other articles	4,79,000	3,75,000	3,65,000	5,00,000
Duty at 5 per cent.				
11. Yarn	—	—	2,80,000	50,00,000
Duty at 10 per cent.				
12. Metals—Iron and Steel	66,78,000	70,00,000	62,40,000	1,73,00,000
13. Railway plant and rolling stock ..	33,91,000	32,00,000	52,30,000	1,73,00,000
Duty at 15 per cent.				
14. Articles of Food and Drink (excluding sugar and vinegar)	63,60,000	92,00,000	79,50,000	94,00,000
15. Raw materials and articles mainly unmanufactured	38,23,000	76,00,000	45,00,000	45,00,000
16. Articles wholly or mainly manufactured—				
(*a*) Cutlery, hardware, implements and instruments	1,28,57,000	1,33,00,000	1,28,00,000	2,02,00,000
(*b*) Metals other than Iron and Steel	69,91,000	94,00,000	56,69,000	86,00,000
(*c*) Cotton manufactures	6,69,21,000	5,95,00,000	5,00,00,000	5,60,00,000
(*d*) Yarns and textile fabrics (other than cotton manufactures) ..	77,40,000	1,68,00,000	42,30,000	65,00,000
(*e*) All other articles wholly or mainly manufactured	4,30,93,000	3,78,00,000	2,55,09,000	4,54,00,000

* The rates of duty shown in this column are those for 1922–23.

SEA CUSTOMS*—*continued.*	Accounts, 1920–21.	Budget, 1921–22.	Revised Estimate, 1921–22.	Budget, 1922–23.
Imports:—*continued.*				
Duty at 15 per cent.—*continued.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
17. Miscellaneous	65,19,000	53,00,000	63,75,000	65,00,000
Duty at 30 per cent.				
18. Motor cars and cycles	—	2,21,00,000	53,25,000	80,00,000
19. Pneumatic rubber tyres and tubes	—		18,60,000	29,00,000
20. Silk piece-goods and other manufactures of silk	49,17,000		49,00,000	80,00,000
21. Other articles	28,58,000		61,55,000	95,00,000
* Total Imports	23,07,98,000	28,54,56,000	27,78,94,000	37,47,53,000
22. Export Duties—				
(*a*) Hides and skins, raw	60,22,000	1,00,00,000	48,52,000	62,00,000
(*b*) Jute (raw and manufactured)	3,21,13,000	3,25,00,000	2,66,74,000	3,20,00,000
(*c*) Rice	60,28,000	1,10,00,000	75,25,000	1,10,00,000
(*d*) Tea	42,05,000	50,00,000	53,19,000	60,00,000
23. Sea Customs—Miscellaneous	24,96,000	12,66,000	13,13,000	20,00,000
24. Land Customs	13,68,000	8,70,000	12,61,000	12,00,000
25. Excise Duty on Cotton Manufactures	2,35,38,000	3,00,00,000	2,18,06,000	2,35,00,000
26. Excise Duty on Motor Spirit	54,26,000	65,00,000	73,05,000	75,00,000
27. Excise Duty on Kerosene	—	—	2,50,000	40,00,000
28. Warehouse and wharf rents and Miscellaneous	69,91,000	21,00,000	8,20,000	10,00,000
Grand Total	31,89,85,000	38,46,92,000	35,50,19,000	46,91,53,000
Deduct—Refunds	*92,18,000*	*73,64,000*	*90,05,000*	*1,49,69,000*
Net Total	30,97,67,000	37,73,28,000	34,60,14,000	45,41,84,000

* The rates of duty shown in this column are those for 1922–23.

Taxes on Income.

—	Accounts, 1920-21.	Budget, 1921-22.	Revised Estimate, 1921-22.	Budget, 1922-23.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Excess Profits Duty	1,88,15,906	nil.	32,89,000	nil.
Super Tax	6,35,90,235	6,28,95,000	8,43,66,000	8,07,10,000
Income Tax	13,95,22,337	16,58,71,000	15,47,07,000	16,43,88,000
TOTAL TAXES ON INCOME	22,19,28,478	22,87,66,000	24,23,62,000	24,50,98,000
Deduct Refunds	*1,27,64,156*	*1,04,20,000*	*2,90,72,000*	*2,17,87,000*
TOTAL REVENUE	20,91,74,322	21,83,46,000	21,32,90,000	22,33,11,000
Share of Provincial Governments under Devolution Rules		*3,25,39,000*	*3,18,77,000*	*21,72,000*
Total Revenue of Central Government		18,58,07,000	18,14,13,000	22,11,39,000

Excess Profits Duty was only leviable in respect of one year. The receipts in 1920–21 and 1921–22 were due to collection of arrears.

Super-tax and Income-tax.—The Budget Estimate of net revenue for 1922–23, on the basis of last year's taxation, is Rs. 92 lakhs less than the Revised Estimate for 1921–22, the effect of lower profits in 1921–22 being largely set off by anticipated arrear collections. The extra revenue from increased taxation, under the provisions of the Indian Finance Act, 1922, (*vide* Appendix II (*b*) (iii)), is estimated at Rs. 2¼ crores.

Share of Provincial Governments.—Under rule 15 of the Devolution Rules, Provincial Governments now receive a share in the income-tax collected within their jurisdiction at the rate of three pies on each rupee brought under assessment in respect of which the income-tax assessed has been collected. In consideration of this allocation, the Provincial Governments make fixed annual assignments equivalent to the amount which would have accrued to them in the year 1920–21 if the three-pie rate had been in force in that year.

The explanation of the very large decrease (nearly 3 crores), in the " share of Provincial Governments," shown under the current year's Budget, as compared with the revised figure for 1921–22, and of the corresponding increase of " total revenue of Central Government," is as follows. Prior to 1922–23, the revenue accruing to the Central Government from taxes on income was shown partly under the head " Taxes on Income," and partly (under the procedure outlined above) under the head " Contributions and Assignments between the Central and Provincial Governments." *E.g.*, in the Revised Estimate for 1921–22, the total revenue of the Central Government from this source, inclusive of the " assignments," amounted to Rs. 21,12 lakhs, as against Rs. 18,14 lakhs shown under this head. Under revised rules which came into force on the 1st April, 1922, the above procedure has been discontinued, and in the Budget for the current year the whole revenue accruing to the Central Government in respect of taxes on income appears under the one head.

Salt.	*Rs.*
Accounts, 1920–21	6,18,79,814
Budget, 1921–22	7,00,66,000
Revised Estimate, 1921–22 ...	6,41,62,000
Budget, 1922–23	6,86,03,000

In 1921–22 decreases in revenue as compared with the Budget Estimate occurred, largely owing to smaller production in Northern India, in consequence of a deficient rainfall and labour troubles.

In the Budget Estimate for 1922–23, allowance has been made for advance payments made in previous years and not yet fully worked off, and for the refund of Rs. 20 lakhs collected during March, 1922, in anticipation of an increased duty which, as a result of the Budget discussions in the Legislature, was eventually not imposed.

Opium.

	Accounts, 1920–21.	Budget, 1921–22.	Revised Estimate, 1921–22.	Budget, 1922–23.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Receipts	3,53,40,611	3,72,85,000	3,03,24,000	3,09,30,000
Charges	*1,23,75,186*	*1,52,54,000*	*1,87,41,000*	*1,86,21,000*
Net revenue	2,29,65,425	2,20,31,000	1,15,83,000	1,23,09,000

Opium is supplied at fixed prices to certain foreign Governments, principally the Straits Settlements, the Netherlands Indies, and Siam; the balance is sold by auction at Calcutta. In respect of opium consumed in India only the amount charged to Local Governments as cost of production is credited under this head, the difference between actual price of issue and cost of production being credited to Provincial revenues under the head of Excise.

As a result of a fall in the demand for opium in the Far East the number of chests disposed of by auction during 1921–22 was about one half the expected sales.

Railways.

—	Accounts, 1920-21.	Budget, 1921-22.	Revised Estimate, 1921-22.	Budget, 1922-23.
	Rs.	*Rs.*	*Rs.*	*Rs.*
State Railways :—				
Gross Receipts	80,97,75,233	87,05,83,000	81,82,30,000	99,57,26,000
Working Expenses	*54,51,37,464*	*58,69,42,000*	*65,88,80,000*	*68,05,74,000*
Net Traffic Receipts ..	26,46,37,769	28,36,41,000	15,93,50,000	31,51,52,000
Surplus Profits paid to Companies, &c.	*1,72,51,527*	*1,32,00,000*	*1,04,09,000*	*60,00,000*
Interest Charges—				
Interest on capital spent or advanced by the State ..	*13,19,02,757*	*15,80,71,000*	*15,27,84,000*	*16,69,74,000*
Interest on capital deposited by Companies	*2,48,00,016*	*2,65,33,000*	*3,33,29,000*	*3,36,48,000*
Annuities in purchase of Railways	*3,90,07,306*	*4,02,90,000*	*5,06,00,000*	*5,03,62,000*
Sinking Funds	*31,48,296*	*34,73,000*	*43,25 000*	*45,82,000*
Total	*21,61,09,902*	*24,15,67,000*	*25,14,47,000*	*26,15,66,000*
Net Receipts or *Expenditure* ..	4,85,27,867	4,20,74,000	*—9,20,97,000*	5,35,86,000
Other receipts (net) or *charges (net)**	78,81,396	*—12,24,000*	*—5,80,000*	*—23,45,000*
Net Receipts or *Expenditure* (all Railways)..	5,64,09,263†	4,08,50,000†	— *2 6,77,000*†	5,12,41,000

* Includes (i) receipts and expenditure in respect of Subsidised Companies, and (ii) miscellaneous expenditure which cannot be allocated to specific companies.

† Exclusive of receipts from the surtax on goods traffic (accounted for under the head "Miscellaneous Civil Receipts"), amounting in 1920-21 to about Rs. 1 crore, and in 1921-22 to about Rs. 6 crores.

The position of the Railway Revenue Account in recent years is exhibited in the following table:—

			Rs.
1919-20	... ...	Net receipts ...	13,81,01,444
1920-21	... ...	Net receipts ...	5,64,09,263
1921-22	(Budget)	Net receipts ...	4,08,50,000
	(Revised Estimate)	Net expenditure ...	*9,26,77,000*
1922-23	(Budget)	Net receipts ...	5,12,41,000

These figures are arrived at after charging in the Account not only all interest charges, but also payments in redemption of capital which are made partly through sinking funds and partly through the annuities created for the purchase of various railways. The following are the amounts of such payments in redemption of capital in the three years under review:—

	Rs.
In 1920-21	1,41,45,334
In 1921-22 (Revised Estimate) ...	1,57,00,000
In 1922-23 (Budget)	1,63,48,000

State Railways.—The profit derived by the State from the railways arises from the State lines, under which head are included not only the lines worked by the State (of which the most important are the North-Western, Eastern Bengal, and Oudh and Rohilkhand systems), but also lines which, while classified as State railways, are worked by companies receiving guaranteed interest on their share capital and a share of the surplus profits. Among the most important of the lines included in the latter class are the East Indian, Bengal-Nagpur, Bombay Baroda and Central India (including Rajputana-Malwa), Madras and Southern Mahratta, South

Indian, Great Indian Peninsula (including the Indian Midland Railway), Assam-Bengal, and Burma Railways.

The Revised Estimate, as compared with the Budget, for 1921–22 shows a decrease of Rs. 5¼ crores in Gross Receipts, attributable to a large decline in railway traffic owing to general depression in trade and to strikes on certain railways; and an increase of Rs. 7¼ crores in Working Expenses, due mainly to fluctuation in exchange, increases of pay and allowances of superior and subordinate staff, extensive urgent repairs, and enhanced prices of materials.

Increased goods rates, estimated to produce Rs. 6 crores, were imposed as from the 1st April, 1922, in substitution for the "surtax" on goods traffic previously in force, of which the proceeds had been shown as "Miscellaneous Revenue." Passenger fares were also increased by about 25 per cent. in view of the loss at which the railways were working, this measure being estimated to produce a further Rs. 6 crores in the year. Apart from these special increases, the Budget for 1922–23 provides for an increase of Rs. 5·8 crores in Gross Receipts over the Revised Estimate of 1921-22, from normal growth in traffic, as compared with an anticipated increase of Rs. 2·2 crores in Working Expenses.

Posts and Telegraphs.

—	Accounts, 1920-21.	Budget, 1921–22.	Revised Estimate, 1921–22.	Budget, 1922–23.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Indian Postal and Telegraph Department :—				
Receipts	9,44,61,448	10,59,63,000	8,89,26,000	10,91,19,000
Expenditure	*8,53,83,552**	*9,38,61,000*	*9,93,08,000*	*10,17,15,000*
Net Receipts or *Expenditure*..	90,77,896	1,21,02,000	*—1,03,82,000*	74,04,000
Indo-European Telegraph Department				
Receipts	31,54,863	35,21,000	38,18,000	33,80,000
Expenditure	*31,82,608*	*45,51,000*	*34,26,000*	*29,88,000*
Net Receipts or *Expenditure*.. ..	*—27,745*	*—10,30,000*	3,92,000	3,92,000
Total Net Receipts or *Expenditure*— Posts and Telegraphs	90,50,151	1,10,72,000	*—99,90,000*	77,96,000

* Expenditure on Capital Account prior to 1921–22 was charged to Revenue. For purpose of comparison Rs. 72 lakhs of such expenditure in 1920–21 is excluded from this figure.

The Revised Estimate, as compared with the Budget, for 1921–22 shows a large falling-off in receipts of the Indian Postal and Telegraph Department. Of this, Rs. 50 lakhs is due to a change made in 1921–22 in the method of adjustment of the difference between the rates at which post offices were authorised to issue sterling money orders from time to time on the basis of the current market rates of exchange and the rate of 2*s.* per rupee fixed for the conversion of sterling into rupees; this difference was described as commission up to the 31st December, 1921, but (as it really represented the difference due to exchange) it was decided to adjust it under the head "Exchange on Remittance Accounts" outside the revenue account; from the 1st January, 1922, the adjustment for exchange has been dispensed with, the conversion

being made at the rates of exchange fixed for the issue of the money orders and the commission being limited to the charge levied on their issue. The balance of the falling off in revenue is largely due to the low yield of the increased rates of postage, to the acute depression of trade during the year, and to an increase in the rupee payments to be made to other telegraph administrations owing to the fall in the exchange value of the rupee.

The Budget for 1922–23, in addition to an estimated return of Rs. 160 lakhs from new increases in postal charges (*see* page 32), provides for an increase of Rs. 42 lakhs over the Revised Estimate for 1921–22 in anticipation of some improvement in trade conditions.

Exchange.

For an explanation of the variations under this Head, *see* the introductory note on "Exchange," on page 4.

Provincial Contributions and Adjustments.

—	Budget, 1921–22.	Revised Estimate, 1921–22.	Budget, 1922–23.
	Rs.	*Rs.*	*Rs.*
Contributions	9,83,00,000	9,83,00,000	9,20,00,000
Assignments	3,10,57,000	2,97,86,000	—
Miscellaneous adjustments (net receipts or *charges*)	*−62,66,000*	*−58,08,000*	*−62,64,000*
Total	12,30,91,000	12,22,78,000	8,57,36,000

Contributions.—It was provided by the Devolution Rules, made under para. 45A of the Government of India Act, that in the year 1921–22 contributions of specified amount, and in future years similar contributions or such smaller sums as might be determined by the Governor-General in Council, should be paid by the Local Governments to the Government of India. If for any year the total of the contributions were reduced, reductions should be made in respect of those Local Governments only whose last previous annual contribution should have exceeded the proportion specified below of the smaller sum so determined as the total contribution; and any reduction so made should be proportionate to such excess.

Name of Province.	Contribution for 1922–23 (in lakhs of Rupees).	Normal Proportion of future contributions to reduced total.
Madras	348	17/90
Bombay	56	13/90
Bengal	*Nil.**	19/90
United Provinces	240	18/90
Punjab	175	9/90
Burma	64	6½/90
Bihar and Orissa	*Nil.*	—
Central Provinces	22	5/90
Assam	15	2½/90

* For temporary remission of Bengal contribution (Rs. 63 lakhs), *see* footnote on page 4.

Assignments.—The assignments made to central revenues by each Provincial Government, under Devolution Rule 15 (2), in consideration of the grant to them of a share in the income-tax collected within their respective jurisdictions, were prior to 1922–23 accounted for under this head. They have now (*see* page 24) been transferred to the head " Taxes on Income."

Miscellaneous Civil Receipts.

	Rs.
Accounts, 1920–21	2,36,01,445
Budget, 1921–22	7,26,27,000
Revised Estimate, 1921–22 ...	6,52,01,000
Budget, 1922–23	25,69,000

The large decrease budgeted for under this head is due to the withdrawal of the surtax on railway goods traffic, for which was substituted, as from 1st April, 1922, an increased scale of goods rates.

NET EXPENDITURE.

Debt Services.

	Accounts, 1920–21.	Budget, 1921–22.	Revised Estimate, 1921–22.	Budget, 1922–23.
	Rs.	Rs.	Rs.	Rs.
Total payments for Interest on Debt ..	24,49,70,652	23,87,07,000	26,19,45,000	28,24,31,000
Deduct amounts chargeable to—				
Railways	*12,58,00,108*	*15,03,38,000*	*13,23,11,000*	*14,56,61,000*
Irrigation	*9,76,348*	*9,85,000*	*9,39,000*	*9,51,000*
Posts and Telegraphs	—	—	*60,00,000*	*66,00,000*
Provincial Governments	*2,81,76,443*	*2,59,48,000*	*2,65,32,000*	*2,99,73,000*
Total Deductions	*15,49,52,899*	*17,72,71,000*	*16,57,82,000*	*18,31,85,000*
Interest on Ordinary Debt	9,00,17,753	6,14,36,000	9,61,63,000	9,92,46,000
Interest on other Obligations*	2,15,49,435	2,30,77,000	2,61,71,000	3,23,63,000
Sinking Funds	1,23,00,000	2,04,00,000	2,04,00,000	2,04,00,000
Total	12,38,67,188	10,49,13,000	14,27,34,000	15,20,09,000
Interest Receipts on loans, &c., in India and England	*87,39,622*	*89,61,000*	*1,04,66,000*	*84,31,000*
Net Interest Payments or *Receipts* (other than those chargeable to Railways, Irrigation, Posts and Telegraphs, and Provincial Governments)	11,51,27,566	9,59,52,000	13,22,68,000	14,35,78,000

* The nature of these " other obligations " is explained on p. 15.

The receipts include interest received in England on the balances of the Secretary of State and in India on loans granted by the Central Government to Native States and to Railway Companies. The amount " chargeable to Provincial Governments " includes interest on the outlay to the end of 1920–21 on irrigation works transferred under the Reforms Scheme to those Governments.

Military Services.

	Accounts, 1920-21.	Budget, 1921-22.	Revised Estimate, 1921-22.	Budget, 1922-23.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Army	75,77,60,233	56,50,04,000	58,39,05,000	56,51,72,000
Marine	60,98,292	85,26,000	84,26,000	1,13,73,000
Military Works and Special Defence Works	5,36,78,791	4,84,70,000	5,07,55,000	4,52,55,000
Total	81,75,37,316	62,20,00,000	64,30,86,000	62,18,00,000

The details of the Army Charges, which form the most important part of the charges grouped together in the table above, are as follows:—

Net Army Charges in India.

	Accounts, 1920-21.	Budget, 1921-22.	Revised Estimate, 1921-22.	Budget, 1922-23.
Effective Services:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Maintenance of the Standing Army ..	*	29,97,18,000	29,54,64,000	30,38,74,340
Auxiliary and Territorial Forces		51,41,000	73,25,000	1,18,86,000
Cost of Educational, &c., Establishments, and Working Expenses of Hospitals, Depots, &c.	67,53,52,602	7,68,74,000	7,99,29,000	8,04,04,420
Army Headquarters, Staff of Commands, &c.		1,89,71,000	1,84,57,000	1,83,08,200
Royal Air Force		1,01,24,000	77,59,000	96,45,000
Stock Account		2,32,85,000	2,00,40,000	32,25,920
Special Services		3,62,04,000	7,91,81,000	1,98,64,190
Miscellaneous Charges		1,26,53,000	3,29,89,000	1,75,22,930
Unadjusted Expenditure..	35,45,549	—	—	—
Total, Effective Services	67,88,98,151	48,29,70,000	50,10,64,000	45,28,45,000
Non-Effective Services	2,48,11,966	2,89,00,000	3,13,66,000	3,66,06,000
Total Charges, India	70,37,10,117	51,18,70,000	53,24,30,000	50,13,37,000
Receipts, India	*5,14,95,044*	*3,48,00,000*	*4,40,57,000*	*4,24,81,000*
Total Net Charges, India ..	65,22,15,073	47,70,70,000	48,83,73,000	45,88,56,000

* Details not available.

Net Army Charges in England.

	Accounts, 1920-21.	Budget, 1921-22.	Revised Estimate, 1921-22.	Budget, 1922-23.
Effective Services:—	£	£	£	£
Maintenance of the Standing Army ..	3,123,355	3,197,500	4,428,200	4,287,700
Cost of Educational, &c., Establishments, and Working Expenses of Hospitals, Depots, &c.	165,179	765,800	595,800	752,400
Royal Air Force	100,000	275,000	378,000	297,000
Stock Account—Purchase of Stores ..	2,395,847	1,075,500	1,747,800	1,441,100
Special Services	899,104	—	264,000	—
Miscellaneous Charges	1,049,752	966,700	993,000	1,038,700
Total, Effective Services ..	7,733,237	6,280,500	8,406,800	7,816,900
Non-Effective Services	3,186,145	2,849,600	3,359,500	3,752,700
Total Charges, England ..	10,919,382	9,130,100	11,766,300	11,569,600
Receipts, England	*364,866*	*336,700*	*2,213,100*	*938,000*
Total Net Charges, England ..	10,554,516	8,793,400	9,553,200	10,631,600
	Rs.	*Rs.*	*Rs.*	*Rs.*
Equivalent at Rs.10=£1 ..	10,55,45,160	8,79,34,000	9,55,32,000	10,63,16,000

Total Net Army Charges, in India and in England.

	Rs.*
Accounts, 1920–21	75,77,60,233
Budget, 1921–22	56,50,04,000
Revised Estimate, 1921–22 ...	58,39,05,000
Budget, 1922–23	56,51,72,000

In the Revised Estimate for 1921–22, as compared with the Budget provision for that year, increases on account of abnormal expenditure in Waziristan, larger transport charges, and enhanced prices of foodstuffs, etc., were largely counterbalanced by savings due to smaller purchases of stores, and to shortage in establishments of British troops, R.A.F., and Indian reservists.

The net expenditure on Military services provided for in the Budget of 1922–23 is less than the Revised Estimate for 1921–22 by Rs. 2,12·86 lakhs.

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* These figures include net sterling expenditure converted at Rs. 10 to the £. *See* note on " Conversion Rate " on p. 4 of introduction.

APPENDIX II. (*a*).

HOME CHARGES.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1920–21.	Revised Estimate, 1921–22.	Budget Estimate, 1922–23.
	£	£	£
Direct demands on the Revenues :—			
Stores for India	267,271	368,850	234,100
Leave Allowances and Miscellaneous	88,564	86,500	76,700
Railway Revenue Account :—			
Interest	5,841,950	6,327,200	6,592,500
Sinking Funds	270,977	287,400	305,400
Annuities	3,357,396	3,357,100	3,357,500
Government share of Surplus Profits	*214,040*	*142,400*	*113,000*
Leave Allowances and Miscellaneous	138,301	177,800	168,100
Irrigation Revenue Account :—			
Interest on Debt	5,100	—	—
Leave Allowances	3,213	3,300	3,000
Posts and Telegraphs :—			
Indian Postal and Telegraph Department : Stores for India	932,237	1,000,000	729,000
" " " Leave Allowances and Miscellaneous	26,650	19,900	45,500
Indo-European Telegraph Department..	*80,395*	*120,300*	*90,000*
Debt Services :—			
Interest on Ordinary Debt (less interest realised from investment of Cash Balance).	1,561,444	1,754,600	2,834,300
Liability assumed in respect of British 5 per cent. War Loan, 1929–47 : Interest	1,063,901	1,035,300	1,006,700
Liability assumed in respect of British 5 per cent. War Loan, 1929–47 : Sinking Fund	500,000	500,000	500,000

Net Expenditure.	Accounts, 1920–21.	Revised Estimate, 1921–22.	Budget Estimate, 1922–23.
	£	£	£
Civil Administration :—			
Home Administration :—			
India Office : Salaries and Contingencies	407,038	332,000	243,900
High Commissioner's Office, Salaries and Contingencies	131,399	208,900	188,100
Audit Office : Salaries	14,978	16,400	13,700
Bank of England and Bank of Ireland for Management of Debt	59,984	71,200	109,000
Contribution by His Majesty's Treasury in respect of the Administrative Expenses of India Office.	*72,000*	*200,000*	*113,500*
Payments on account of Departments in India :—			
Stores for India	579,275	106,650	80,250
Leave Allowances and Miscellaneous	257,838	283,500	269,800
Currency Mint and Exchange :—			
Interest on Paper Currency Reserve Investments	*1,242,032*	—	—
Stores for India	64,302	419,600	328,500
Leave Allowances and Miscellaneous	5,655	6,900	10,000
Civil Works :—			
Stores for India	22,407	38,000	3,200
Leave Allowances and Miscellaneous	3,476	4,300	4,500
Miscellaneous :—			
Profit on Sale of Wheat	*533,763*	*572,800*	—
Territorial and Political Pensions	10,703	11,600	11,600
Civil Superannuation Allowances and Pensions (including Home Establishment Pensions).	2,038,776	2,092,300	2,100,400
Contribution to the Secretariat of the League of Nations	28,786	55,000	76,000
Other Miscellaneous Charges	14,425	139,700	29,500
Stationery and Printing :—			
Stores for India	172,235	216,000	164,900
Expenditure at the India Office and the High Commissioner's Office, Leave Allowances, etc.	25,417	22,300	23,800
Military Services (Army and Marine)			
Home Charges of British Forces serving in India (less receipt of £100,000 from the War Office on account of Aden)	1,932,787	1,976,000	1,788,000
Payment to the War Office on account of Savings, due to the War, under minor heads of Military Expenditure in England.	19,300	—	*19,300*
Sea Transport Charges (less receipt of £130,000 from the War Office).	774,815	644,300	795,700
Exchange Concession in Connection with the issue of sterling War Gratuities.	200,000	—	250,000
Unemployment Insurance	30,500	143,900	95,000
Contribution to the expenses of His Majesty's Ships in Indian Seas.	100,000	100,000	100,000
Furlough Pay	972,131	1,001,700	1,147,000
Stores	3,921,659	3,223,900	2,649,400
Marriage Allowances and Allotments	—	1,050,000	832,000
Gratuities to Surplus Officers of Indian Army	—	—	350,000
Lump Sum Composition on account of War Liabilities	—	*500,000*	*394,500*
Other Effective Charges	157,537	320,400	263,100
Retired Pay of British Forces for Service in India	1,008,240	1,062,000	1,068,000
Retired Pay : Indian Services	1,818,769	693,100	1,858,900
Family and Miscellaneous Pensions	347,917	361,300	362,000
Total	27,035,123	27,983,400	30,338,750
Expenditure by Secretary of State	22,763,465	20,425,400	23,821,700
„ „ High Commissioner	4,271,658	7,558,000	6,517,050
Total	27,035,123	27,983,400	30,338,750

Expenditure in England not charged on the Revenue of the year :—

Expenditure.	Accounts, 1920-21.	Revised Estimate, 1921–22.	Budget Estimate, 1922–23.
	£	£	£
Capital outlay on State Railways	17,582,277	13,731,900	18,465,000
„ „ Irrigation Works	15,036	28,500	—
New Capital at Delhi	205,646	171,500	181,000
Total	17,802,959	13,931,900	18,646,000
Expenditure by Secretary of State	15,560,154	10,797,900	13,940,200
„ „ High Commissioner	2,242,805	3,134,000	4,705,800
Total	17,802,959	13,931,900	18,646,000

APPENDIX II. (*b*).

DETAILS OF CHANGES IN TAXATION.

(BUDGET OF 1922–23).

(*i*). *Postal Charges.*

The following increases in the inland postal rates were made, with effect from the 24th April, 1922 :—

(*a*) The rates of half an anna (for letters not exceeding ½ tola) and nine pies (for letters not exceeding 1 tola) were abolished; the charges in future to be one anna for letters not exceeding 2½ tolas in weight, and one anna for every additional 2½ tolas or fraction thereof.

(*b*) The rate for postcards was raised from a quarter of an anna to half an anna.

(*ii*). *Customs and Excise Duties.*

With effect from the 1st March, 1922, the import tariff was raised as shown below :—

Item.	*Extent of Increase.*
Special Import Duties :—	
Ale, beer, porter, cider, and other fermented liquors	From 6½ to 8 annas per gallon.
Spirits and liqueurs :—	
Liqueurs, untested ..	From Rs. 25 to Rs. 30 per gallon.
Liqueurs, tested	From Rs. 18–12 as. to Rs. 21–14 as. per proof gallon.
Perfumed spirits	From Rs. 30 to Rs. 36 per gallon.
All other spirits (except denatured spirits) ..	From Rs. 18–12 as. to Rs. 21–14 as. per gallon.
Sugar	From 15 to 25 per cent. *ad valorem*.
Matches	From 12 annas to Rs. 1½ per gross boxes.
Articles of luxury (mainly motor cars and cycles, pneumatic rubber tyres and tubes, silk piece-goods, etc.)	From 20 to 30 per cent. *ad valorem*.

Item.	*Extent of Increase.*
Special Import Duties—*continued.*	
Metals, iron and steel, and railway plant and rolling stock	From 2½ to 10 per cent. *ad valorem.*
Petroleum	From 1½ to 2½ annas per gallon.
Yarn	To be removed from free list and made liable to a duty of 5 per cent. *ad valorem.*
General Import Duties ..	From 11 to 15 per cent. *ad valorem.*
Excise Duties on Kerosene ..	An excise duty of 1 anna per gallon to be imposed on kerosene produced in India.

(*iii*). *Taxes on Income.*

The rates of income-tax and super-tax on higher incomes were raised, from the 1st April, 1922, as shown in the following table:—

Income-Tax.

	Old Rate.	*New Rate.*
Incomes between Rs. 30,000 and 40,000 a year	14 pies in the Re.	15 pies in the Re.
Incomes of Rs. 40,000 and over..	16 ,, ,,	18 ,, ,,

No change was made in respect of incomes below Rs. 30,000 a year.

Super-Tax.

No change was made in the rates up to the previous maximum of 4 annas for incomes over 3½ lakhs; but a progressive increase was made in the rates for higher incomes up to a maximum of 6 annas, the actual rates being as follows:—

In respect of the 1st fifty thousand rupees of taxable income over 4 lakhs	4½ annas in the rupee.
In respect of the 2nd fifty thousand rupees of taxable income over 4 lakhs	5 annas.
In respect of the 3rd fifty thousand rupees of taxable income over 4 lakhs	5½ annas.
In respect of all taxable income over 5½ lakhs of rupees	6 annas in the rupee.

(*iv*). *Freight Tax.*

The tax on goods carried by Railways and Inland steam-vessels has been superseded with effect from 1st April, 1922, by enhanced rates on goods traffic on railways.

APPENDIX II. (c)

RAILWAYS.

(i). *Mileage and Traffic (including railways outside Government accounts).*

Length of railways open in India on 31st March, 1920		36,735 miles
Additional mileage opened in 1920-21 :—		
State Lines worked by the State	189·50 miles	
State Lines worked by Companies	16·80 ,,	
Branch Line Companies' Railways under rebate terms, worked by the main line	38·23 ,,	
Indian State Lines worked by Indian States	31·88 ,,	
Indian State Lines worked by the main line	22·10 ,,	
Total addition		298·51 miles.
Length of railways open in India on 31st March, 1921, after allowing for corrections due to realignments, etc.		37,029 miles.

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	1919-20.	1920-21.
Total number of passengers carried	533,180,400	572,904,300
Total weight of goods carried (in tons)	94,995,000	95,507,000

(ii). *Capital at Charge and Net Revenue Receipts.*

	Capital at Charge on 31st March, 1921.	Net Revenue Receipts, 1920-21.	Percentage of Net Revenue Receipts on Capital at Charge.
State Railways worked by the State :—	*Rs.*	*Rs.*	
Aden Railway	9,89,909	52,982	5·35
Delhi New Capital Railway Works Scheme	3,34,058	—	—
Eastern Bengal	39,05,60,646	1,62,84,358	4·17
North-Western	93,47,74,659	2,87,89,079	3·08
Nushki Extension	3,12,94,986	—	—
Kaur Khirgi	12,78,713	—	—
Laki Pezu Tank	35,38,479	—	—
Tank Murtaza	20,34,338	—	—
Frontier Railway Reserve	50,61,121	—	—
Khyber Railway	9,23,248	—	—
Oudh and Rohilkhand	23,88,17,261	1,31,75,127	5·52
State Railways worked by Companies or by Indian States :			
Assam-Bengal	17,41,30,999	19,64,195	1·13
Bengal-Nagpur	48,99,72,904	2,00,76,828	4·09
Bezwada Extension	13,01,807	2,42,073	18·59
Bombay, Baroda and Central India	49,80,40,089	3,19,04,239	6·40
Dholka-Dhanduka	5,73,767	—	—
Burma Railways (including Extension)	22,01,89,805	1,04,41,487	4·74
East Indian	76,21,50,313	6,43,56,717	8·44
Great Indian Peninsula	73,99,13,268	3,11,56,446	4·21
Agra-Delhi Chord	1,50,35,845	11,58,417	7·70
Baran-Kotah	49,50,604	—	—
Bhopal	44,10,784	2,93,887	6·66
Cawnpore-Banda	81,59,740	70,171	0·86
Jodhpur-Hyderabad	46,17,926	6,30,516	13·65
Lucknow-Bareilly (Rohilkhand and Kumaon)	1,39,19,285	9,85,539	7·08
Madras and Southern Mahratta	40,53,98,251	2,04,83,598	5·05
Dhone-Kurnool	10,18,342	52,766	5·18
South Indan	16,66,75,770	1,70,11,327	10·21
Coonoor Ootacamund	47,42,664	—	—
Tinnevelly-Quilon (British Section)	43,67,521	—	—
Tinnevelly-Quilon (Indian State Section)	1,18,69,572	—	—
Tinnevelly-Tiruchandur	—	—	—
Tirhoot (Bengal and North-Western)	8,20,77,267	55,08,019	6·71
	5,22,31,23,941	*26,46,37,771	5·067
Stores, abandoned projects, etc.	55,48,929		
Total	5,22,86,72,870	*26,46,37,771	5·061

* Differs from figure of "Working Profit" shown in table on page 14, which takes into account "Miscellaneous Receipts" and "Payments on account of Surplus Profits."

APPENDIX II. (*d*).

SEA-BORNE TRADE.

(*i*). *Summary of Sea-borne Trade.*

——	1919–20.	1920–21.	1921–22.
On Private Account.			
	Rs.	Rs.	Rs.
Exports of Merchandise	3,26,79,31,299	2,56,34,68,884	2,43,61,65,975
Imports of Merchandise	*2,07,97,23,940*	*3,35,59,38,412*	*2,66,43,48,320*
Net Exports *or Imports* of Merchandise	1,18,82,07,359	*79,25,19,528*	*22,81,82,345*
Net Imports or Exports *of Gold*	*10,97,05,283*	8,88,09,751	3,46,16,259
Net Imports or Exports *of Silver*	14,80,470	*7,41,72,668*	*14,53,06,387*
Net Imports or Exports *of Treasure*	*10,82,24,813*	1,46,37,083	*11,06,90,128*
Net Exports *or Imports* of Merchandise and Treasure on Private Account.	1,07,99,82,541	*77,78,82,445*	*33,88,72,473*
Government Transactions.			
Imports of Merchandise	*13,73,00,485*	*11,53,63,710*	*14,06,58,426*
Exports of Merchandise	5,96,47,456	9,58,78,679	3,21,41,244
Net Imports of Merchandise	*7,76,53,029*	*1,94,85,031*	*10,85,17,182*
Net Imports or Exports *of Gold*	*31,29,07,953*	*10,98,92,162*	7,21,128
Net Imports or Exports *of Silver*	*29,66,46,593*	1,19,713	*14,73,590*
Net Imports of Treasure	*60,95,54,546*	*10,97,72,449*	*7,52,462*

(*ii*). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately.*

——	1919–20.	1920–21.	1921–22
A. *On Private Account.*			
I. Food, Drink and Tobacco :—	Rs.	Rs.	Rs.
A. Fish (excluding canned fish)	19,01,518	20,59,532	18,77,064
B. Fruits and Vegetables	1,89,60,320	1,67,82,394	1,68,00,317
C. Grain, Pulse and Flour	3,08,90,917	5,06,208	9,35,87,085
D. Liquors	2,90,76,654	4,21,17,387	3,37,20,532
E. Provisions and Oilman's Stores	2,90,91,093	3,60,96,100	2,70,36,255
F. Spices	2,26,52,941	1,91,07,887	1,92,59,480
G. Sugar	22,99,26,623	18,50,29,754	27,50,28,258
H. Tea	53,74,622	40,20,818	55,39,983
I. Other Food and Drink	2,32,26,804	2,44,02,681	1,69,70,559
J. Tobacco	2,01,86,564	2,95,91,226	1,65,05,763
Total, Class I.	41,12,88,056	35,97,13,987	50,63,25,296
II. Raw Materials and Produce and articles mainly unmanufactured :—			
A. Coal, Coke and Patent Fuel	12,85,562	30,36,845	5,85,04,742
B. Gums, Resins and Lac	71,60,952	47,60,950	41,00,398
C. Hides and Skins, raw	19,96,291	10,45,863	9,81,734
D. Metallic Ores and Scrap Iron or Steel for remanufacture.	8,27,575	17,55,274	8,67,489
E. Oils	9,43,76,456	8,76,40,503	7,56,14,065
F. Seeds	1,25,99,475	51,49,646	16,73,386
G. Tallow, Stearine and Wax	24,14,712	48,98,960	21,25,583
H. Textile Materials	2,57,96,632	3,51,75,684	4,97,36 931
I. Wood and Timber	1,25,32,284	1,07,57,725	86,33,292
J. Miscellaneous	1,47,17,540	1,68,31,557	1,78,94,888
Total, Class II.	17,37,07,479	17,10,53,007	22,01,32,508
III. Articles wholly or mainly manufactured :—			
A. Apparel	1,96,60,594	4,32,11,735	1,28,03,926
B. Arms, Ammunition and Military Stores	37,11,057	63,95,627	70,10,666
C. Carriages and Carts (including Cycles and Motor Cars)	4,53,62,180	14,08,08,147	3,51,89,924
D. Chemicals, Drugs and Medicines	3,73,81,114	5,16,46,730	3,74,62,983
E. Cutlery, Hardware, Implements (except Machine Tools), and Instruments	7,14,74,173	16,15,72,972	11,93,53,764
F. Dyes and Colours	3,23,47,579	5,72,41,890	4,49,15,377
G. Furniture, Cabinetware and Manufactures of Wood.	45,93,928	95,65,258	54,28,986
H. Glassware and Earthenware	2,74,46,942	4,27,67,209	3,00,29,705

(ii). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately*—continued.

——	1919-20.	1920-21.	1921-22.
A. *On Private Account.*			
III. Articles wholly or mainly manufactured.—*contd.*	*Rs.*	*Rs.*	*Rs.*
I. Hides and Skins, tanned or dressed, and Leather.	53,73,007	1,28,62,099	66,42,567
J. Machinery of all kinds, including Belting for Machinery.	9,58,32,229	24,08,55,793	35,49,21,092
K. Metals, Iron and Steel, and Manufactures thereof.	16,28,73,401	31,23,21,086	21,15,99,511
L. Metals, other than Iron and Steel, and Manufactures thereof.	6,39,94,308	9,34,55,453	5,05,14,863
M. Paper, Pasteboard and Stationery	3,12,71,116	9,12,48,822	3,25,48,789
N. Railway Plant and Rolling Stock	4,58,72,750	14,13,04,961	18,91,06,135
O. Yarns and Textile Fabrics	69,08,73,464	1,18,32,38,061	62,42,51,772
P. Miscellaneous	11,54,39,493	16,12,28,798	13,28,72,494
Total, Class III.	1,45,35,07,335	2,74,97,24,641	1,89,46,52,554
IV. Miscellaneous and Unclassified	4,12,21,070	7,54,96,777	4,32,37,962
Total value of Imports of Merchandise on Private Account	2,07,97,23,940	3,35,59,88,412	2,66,43,48,320
B. *Government Stores*	13,73,00,485	11,53,63,710	14,06,58,426
Grand Total, Imports of Merchandise	2,21,70,24,425	3,47,13,52,122	2,80,50,06,746

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise showing the principal articles separately.*

——	1919-20.	1920-21.	1921-22.
A. *On Private Account.*			
I. Food, Drink and Tobacco :—	*Rs.*	*Rs.*	*Rs.*
A. Fish (excluding Canned Fish)	50,51,501	56,02,338	60,35,208
B. Fruits and Vegetables	62,73,685	60,33,660	63,23,260
C. Grain, Pulse and Flour	15,14,57,250	25,64,94,019	29,98,97,517
D. Liquors	10,727	27,527	18,569
E. Provisions and Oilman's Stores	61,74,110	74,17,680	70,66,738
F. Spices	1,57,17,398	83,31,710	1,00,35,539
G. Sugar	53,91,798	95,47,993	24,86,690
H. Tea	20,56,50,470	12,14,97,645	18,22,01,913
I. Other Food and Drink	1,72,94,146	1,42,99,173	1,39,24,522
J. Tobacco	92,62,202	74,92,272	71,30,790
Total, Class I.	42,22,83,287	43,67,44,017	53,51,20,746
II. Raw materials and produce and articles mainly unmanufactured :—			
A. Coal, Coke and Patent Fuel	82,67,569	1,50,12,856	16,02,999
B. Gums, Resins and Lac	7,41,98,127	7,68,37,384	7,93,67,860
C. Hides and Skins, raw	23,40,62,210	5,24,84,457	5,98,13,988
D. Metallic Ores and Scrap Iron or Steel for remanufacture.	1,50,37,504	2,46,59,364	1,70,24,468
E. Oils	3,22,24,893	1,77,78,080	1,01,69,385
F. Seeds	26,26,90,198	16,83,47,923	17,40,69,414
G. Tallow, Stearine and Wax	9,18,827	10,81,296	9,13,304
H. Textile Materials	90,66,23,437	62,01,22,911	71,74,22,654
I. Wood and Timber	1,42,08,923	1,23,64,706	58,61,969
J. Miscellaneous	5,00,84,777	4,55,68,294	3,10,77,883
Total, Class II.	1,59,83,16,465	1,03,42,57,271	1,09,73,23,924

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

	1919-20.	1920-21.	1921-22.
III. Articles wholly or mainly manufactured :—			
	Rs.	*Rs.*	*Rs.*
A. Apparel	27,45,980	30,33,472	31,25,343
B. Arms, Ammunition and Military Stores	102	786	191
C. Carriages and Carts, including Cycles and Motor Cars	51,370	27,491	35,575
D. Chemicals, Drugs and Medicines	3,03,51,290	3,78,57,067	2,85,82,113
E. Cutlery, Hardware, Implements (except Machine Tools) and Instruments	7,66,252	10,08,899	9,47,788
F. Dyes and Colours	2,66,14,551	1,10,85,653	1,33,19,774
G. Furniture, Cabinetware, and manufactures of wood	11,73,307	9,42,640	11,87,876
H. Glassware and Earthenware	2,59,892	2,19,978	2,37,435
I. Hides and Skins, tanned or dressed, and Leather	12,71,48,279	3,29,53,345	4,03,36,813
J. Machinery of all kinds, including belting for machinery	1,68,726	35,272	50,991
K. Metals, Iron and Steel, and manufactures thereof	46,81,973	59,43,793	56 58,533
L. Metals, other than Iron and Steel, and manufactures thereof	58,07,432	1,19,02,308	1,28,56,878
M. Paper, Pasteboard and Stationery	3,56,264	1,87,739	2,58,816
N. Railway Plant and Rolling Stock	2,88,128	11,34,426	6,67,793
O. Yarns and Textile fabrics	78,18,99,046	72 18,18,509	46,44,22,546
P. Miscellaneous	5,01,47,166	4,09,59,714	4,49,88,010
Total, Class III.	103,24,59,758	86,91,11,092	61,66,76,475
IV. Miscellaneous and Unclassified	3,70,91,664	4,29,21,638	4,64,15,865
Total Value of Exports of Merchandise on private account.	3,09,01,51,174	2,38,30.34,018	2,29,55,37,010
B. *Government Stores*, Exports	3,27,68,083	5,29,70,117	2,29,26,924
Total Exports of Indian Merchandise	3,12,29,19,257	2,43,60,04,135	2,31,84,63,934
C. *Re-exports*—On Private Account	17,77,80,125	18,04,34,866	14,06,28,965
Government Stores	2,68,79,373	4,29,08,569	92,14,320
Total re-exports	20,46,59,498	22,33,43,435	14,98,43,285
Grand Total, Exports of Merchandise	3,32,75,78,755	2,65,93,47,570	2,46,83,07,219

(iv). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin.*

Note.—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1919-20.	1920-21.	1921-22.
British Empire :—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	1,04,98,32,780	2,04,59,89,660	1,50,89,14,562
Aden and Dependencies	1,01,97,700	92,58,860	81,33,902
Mesopotamia	—	—	92,10,356
Ceylon	2,51,21,720	1,91,03,560	1,37,83,017
Straits Settlements (including Labuan)	5,93,42,790	4,81,43,060	4,08,39,262
Hong Kong	2 74,72,300	2,39,48,430	1,63,72,987
Egypt	1,38,62,710	1,54,24,910	72,18,990
Union of South Africa	19,66,050	16,36,770	1,45,34,993
Mauritius and Dependencies (including Seychelles)	1,28,15,990	90,24,950	2,24,34,595
Zanzibar and Pemba	80,85,640	43,94,340	58,82,365
Kenya Colony	85,82,270	94,13,990	1,75,81,294
Canada	4,78,570	1,32,95,360	42,40,224
Australia	3,24,40,793	1,20,46,340	9,43,60,738
New Zealand	1,19,820	10,540	1,40,278
Other British Possessions	42,35,770	41,24,530	96,60,686
Total—British Empire	1,25,45,54,903	2,21,58,15,300	1,77,33,08,189

(iv). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin*—continued.

NOTE—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1919-20.	1920-21.	1921-22.
Foreign Countries :—	*Rs.*	*Rs.*	*Rs.*
Russia	15,31,487	21,78,600	5,43,229
Sweden	56,60,350	1,88,80,450	95,68,341
Norway	47,75,230	1,70,19,790	38,32,248
Germany	4,31,757	4,74,79,190	7,24,58,116
Holland	99,06,550	3,03,16,000	2,35,26,377
Belgium	69,80,510	5,32,58,230	5,33,58,799
France	1,76,87,860	3,63,66,190	2,23,90,213
Spain	53,66,000	34,07,710	26,91,722
Switzerland	79,56,450	2,28,04,050	1,01,16,467
Italy	1,36,92,810	4,13,41,590	2,00,24,804
Austria	12,65,030	63,88,050	22,69,632
Hungary			2,035
Turkey, Asiatic	83,86,070	54,070	3,38,688
Arabia	54,23,030	55,27,300	61,06,752
Persia	2,29,89,610	1,34,45,710	1,60,86,276
Java	21,53,57,230	15,61,83,040	23,71,12,209
Borneo (Dutch)		1,41,89,410	64,27,782
Siam	82,37,830	60,70,650	56,89,153
China (exclusive of Hong Kong and Macao)	3,83,34,070	3,03,42,800	2,62,75,957
Japan	19,15,26,330	26,43,00,800	13,50,72,014
Portuguese East Africa	15,79,340	19,40,160	1,09,13,620
Italian East Africa	25,96,750	20,03,060	11,94,689
United States of America	25,26,73,892	35,29,79,080	21,60,92,051
Other Foreign Countries	28,09,851	86,18,480	89,48,957
Total—Foreign Countries	82,51,69,037	1,13,50,94,410	89,10,40,131
Grand Total	2,07,97,23,940	3,35,09,09,710	2,66,43,48,320

(v). *Sea-borne Trade—Analysis of* Exports *of Indian Merchandise on Private Account, showing separately the principal countries of destination.*

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1919-20.	1920-21.	1921-22.
British Empire :—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	92,92,12,870	52,60,25,570	45,14,01,243
Gibraltar	3,45,100	90,390	2,16,948
Aden and Dependencies	1,98,89,020	2,29,03,950	1,53,19,975
Mesopotamia	—	—	2,64,81,848
Ceylon	10,79,31,480	11,38,54,106	11,56,70,587
Straits Settlements (including Labuan)	7,25,28,340	8,71,11,610	7,44,45,664
Hong Kong	8,71,57,820	7,12,76,780	6,31,23,218
Egypt	3,37,18,190	3,24,95,480	3,03,71,258
Union of South Africa	1,43,20,040	1,77,20,360	1,92,21,290
Mauritius and Dependencies (including Seychelles)	1,33,67,980	1,83,76,390	2,05,06,486
Zanzibar and Pemba	44,96,480	47,21,610	53,15,936
Kenya Colony	86,26,480	97,26,340	66,66,525
Canada	1,69,28,540	1,33,70,309	1,47,14,507
British West India Islands	9,60,250	40,26,680	18,38,052
Australia	3,39,37,070	7,14,36,340	4,53,50,876
New Zealand	59,22,020		
Other British Possessions	1,40,64,410	2,45,18,425	2,09,59,540
Total—British Empire	1,36,34,06,090	1,01,76,54,340	91,16,03,953

(v). *Sea-borne Trade—Analysis of Exports of Indian Merchandise on Private Account, showing separately the principal countries of destination*—continued.

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1919-20.	1920-21.	1921-22.
Foreign Countries :—	*Rs.*	*Rs.*	*Rs.*
Russia	11,270	1,880	35,447
Sweden	33,86,540	27,06,360	19,04,072
Norway	24,14,620	52,28,080	15,67,304
Germany	1,38,58,550	8,80,00,330	14,97,03,314
Holland	1,60,61,225	1,27,51,390	2,45,50,348
Belgium	9,42,35,460	42,65,10,180	8,02,00,962
France	15,68,66,615	8,43,02,610	9,97,07,483
Spain	2,35,69,270	2,75,75,570	1,80,07,183
Switzerland	52,95,450	25,53,370	1,01,225
Italy	7,71,49,130	6,67,40,260	5,83,18,988
Austria	35,70,060	85,02,280	83,49,491
Hungary			—
Turkey, European	31,65,470	14,72,510	19,86,336
,, Asiatic	5,21,32,150	4,37,59,230	3,35,91,217
Arabia	1,34,75,170	1,61,15,300	2,54,02,262
Persia	2,65,13,800	2,00,43,760	2,17,39,943
Sumatra	14,37,310	19,72,950	52,20,751
Borneo and Java	1,97,09,500	2,96,20,830	4,04,27,122
Siam	1,18,75,980	99,72,480	1,62,08,264
Indo-China	1,08,84,310	1,44,98,370	2,21,86,076
China (exclusive of Hong-Kong and Macao)	10,82,13,530	8,36,43,870	11,07,18,147
Japan	46,26,63,360	24,15,96,700	38,08,44,218
Portuguese East Africa	32,28,850	54,32,290	60,48,303
Italian East Africa	9,29,610	14,24,060	6,07,741
Other East African Ports	21,21,040	37,89,510	3,65,874
United States of America	48,62,14,870	34,74,15,839	24,90,55,660
West Indies	2,06,61,940	1,95,54,990	1,19,69,087
South America	8,62,41,600	8,48,89,040	3,42,63,877
Oceania	41,14,400	34,77,960	13,38,936
Other Foreign Countries	1,67,77,054	1,48,57,729	1,25,13,486
Total—Foreign Countries	1,72,67,45,084	1,36,53,79,678	1,38,39,33,037
Grand Total	3,09,01,51,174	2,38,30,34,018	2,29,55,37,010

EAST INDIA: ACCOUNTS AND ESTIMATES 1923-1924.

EXPLANATORY MEMORANDUM

BY THE

UNDER-SECRETARY OF STATE FOR INDIA

Presented to Parliament by Command of His Majesty

LONDON:
PRINTED & PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE
To be purchased through any Bookseller or directly from H.M. STATIONERY OFFICE at the following addresses: Imperial House, Kingsway, London, W.C.2, and 28 Abingdon Street, London, S.W.1; York Street, Manchester; 1 St. Andrew's Crescent, Cardiff; or 120 George Street, Edinburgh.

1923.

CMD. 1954

Price 9d. Net.

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MEMORANDUM

BY THE

UNDER-SECRETARY OF STATE FOR INDIA

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA (Central Government) for 1921–22 and the ESTIMATES for 1922–23 and 1923–24.

I.—INTRODUCTORY.

Separation of Central and Provincial Finances.

The Government of India Act, 1919, was designed *inter alia* to secure a greater measure of independence for Provincial Governments, and to this end provision was made, in the Act and in Rules subsequently published under authority of the Act, for the delimitation of the functions of Government, as between the Government of India and the chief Provincial Governments, and for the definite assignment to each of these Provincial Governments of specific revenues of their own. Effect has been given to these measures of devolution in the nine "Governors' Provinces" viz.: Bengal, Madras, Bombay, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces, Assam and Burma. As regards these nine provinces the functions of Government have been classified as either "central subjects" or "provincial subjects." A general authority to control all matters coming under the latter head, subject to certain expressed provisos, is devolved upon the Local Governments concerned.

The sources of revenue which have been given to Local Governments for the purpose of defraying their administrative charges consist, in the main, of the receipts accruing from provincial loans and from those provincial subjects which are revenue-producing, the principal heads being Land Revenue, Irrigation, Stamp Duties and Excise. In addition, a local Government is given a share in any expansion of Income Tax (otherwise a

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" central " source of revenue) due to an increase of the assessed incomes within the Province; the amount allocated is, in effect, three pies in the rupee on the amount by which the total of assessed incomes in any year exceeds the total thereof in the year 1920-21.

When the division of the sources of revenue was made between the Central and Provincial Governments it was realized that the Central Government would be left insufficiently provided. It was therefore arranged that an annual contribution should be made by eight of the nine local Governments to the Central Government. The annual contributions fixed at the outset aggregated 983 lakhs of rupees. They were not, except in case of emergency and with the sanction of the Secretary of State, to be subject to increase, and should reduction of the aggregate be found possible reductions were to be made in fixed proportions from the quotas of the several Provinces. The general policy which it is intended to pursue in the matter is a progressive reduction of provincial contributions with a view to their ultimate cessation.*

The revised financial arrangements outlined above came into force from the 1st April, 1921, as from which date all " provincial " revenue and expenditure ceased to be included in the estimates and accounts of the Central Government. The annual volumes of the " Finance and Revenue Accounts of the Government of India," commencing with that for 1921–22, exhibit in separate tables the revenue and expenditure of the Provincial Governments as well as that of the Central Government. The Central Government and each Provincial Government issues annually a separate volume containing its own budget estimate for the forthcoming year and revised estimate for the closing year. This Memorandum, however, deals with the Accounts and Estimates of the Central Government only, except where otherwise stated.

Exchange.

Conversion Rate.—Since the 1st April, 1920, sterling transactions have, for the purpose of the Accounts and Estimates, been converted into rupees on a uniform basis of Rs. 10 to the £. The actual market value of the rupee, however, has varied considerably from that rate, e.g., the average rate during 1921–22 was slightly above Rs. 15 to the £, and the average rate assumed (for purposes of the Budget) for 1923–24 is Rs. 15 to the £. As a result, the rupee figure shown for any item of English expenditure (as converted at Rs. 10 to the £) does not correctly represent the actual charge incurred in making that expenditure. For instance, when a disbursement of £1,000 is made in England, the amount shown in rupees in the accounts as a disbursement in England will be Rs. 10,000. But (at the rate of Rs. 15 to the £ assumed for

* As a special measure, the annual contribution of Rs. 63 lakhs made by the Province of Bengal has been remitted for three years with effect from 1922-23.

1923–24) a disbursement of £1,000 represents a real charge of Rs. 15,000. The balance of Rs. 5,000 is treated as a disbursement on account of " exchange," and for accounting purposes is regarded as a " disbursement in India." The procedure by which this is effected is described in the following paragraph.

Method of Accounting.—All exchange credits or debits arising in respect of remittances and cognate transactions, owing to the remittances, etc., having been effected at rates differing from the conventional "conversion rate," are recorded in the first instance under a suspense head. The portion attributable to the revenue and capital accounts in respect of outlay incurred in England, is then transferred to the respective accounts, these transfers being made monthly on the basis of the average telegraphic transfer rates (Calcutta on London). As regards the amount transferred to revenue account, the procedure formerly adopted was as follows:—the portion which relates to net outlay in England on commercial services (Railways, Irrigation, and Posts and Telegraphs) was carried to the respective heads, the balance being shown under the General Revenue and Expenditure Head " Exchange." With effect, however, from the Accounts for 1921–22, the exchange relating to the revenue account is being distributed over all the individual Heads of Revenue and Expenditure concerned, both commercial and non-commercial.

After making the above transfers to the several heads, the balance outstanding in the Suspense Account is normally held against the possibility of opposite results in succeeding years. (It is estimated that at the end of 1923–24, a net credit balance of Rs. 14,19 lakhs will be held in suspense on this account.)

Non-commercial Revenue Heads.—The net exchange debit in respect of non-commercial revenue heads is now distributed, as explained in the previous paragraph, over the individual heads. But at the time of the preparation of the Budget for 1922–23 the old procedure of entry under the single Revenue and Expenditure Head " Exchange," was still in force. As a result, the figures shown in this Memorandum, under individual heads, for the 1922–23 Budget, are not strictly comparable with the corresponding figures for 1921–22 (Accounts), 1922–23 (Revised), and 1923–24 (Budget).

Rates of Exchange for the three years under review.—The average of the daily rates (telegraphic transfer, Calcutta on London) for 1921–22 was Rs. 15·1431 to the £. The respective rates assumed for the purpose of compiling the Estimates have been:—

For the Budget Estimate of 1922–23, Rs. 15·0 to the £.
For the Revised Estimate of 1922–23, Rs. 15·0* to the £.
For the Budget Estimate of 1923–24, Rs. 15·0 to the £.

* The Revised Estimates for 1922–23 were framed on the assumption of an average rate of exchange of 1*s.* 4*d.* (Rs. 15 to the £) but as the average rate for the year was expected to be slightly below 1*s.* 4*d.* to the rupee, the aggregate difference amounting to Rs. 50 lakhs in respect of the net expenditure in England was entered in lump under the expenditure head "Exchange" in the Revised Estimate so as not to disturb the Estimates already worked out under the several heads of account.

II.—REVENUE, AND EXPENDITURE CHARGED TO REVENUE.

Gross Revenue and Expenditure.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follows:—

Gross Revenue and Expenditure.	Accounts, 1921–22.	Revised Estimate, 1922–23.	Budget, 1923–24.
	Rs.	Rs.	Rs.
Revenue	115,21,50,317	120,70,17,000	134,90,43,000
Expenditure	142,86,52,017	137,95,52,000	134,09,57,000
Surplus or *Deficit* ..	*27,65,01,700*	*17,25,35,000*	80,86,000

In these figures all receipts are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure.

The figures of Gross Revenue just given include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges, the total receipts from the sale of opium, and the receipts of certain spending departments; while the figures of Gross Expenditure include the interest charges of commercial undertakings, and the cost of cultivation and manufacture of opium. This method of compilation may cause the revenue available for administrative purposes and the expenditure on such purposes to appear greater than they really are. A statement of the net revenue and expenditure of the Central Government for the three years under review is therefore given in the table below, which shows the *net* revenue derived from commercial undertakings, after deducting all expenditure including interest charges, and *net* figures under other heads of revenue and expenditure obtained by deducting (1) the cost of cultivation and manufacture of opium from sale receipts, and (2) the receipts of the spending departments from the gross expenditure incurred by them. The cost of the establishments maintained for the collection of revenue is not shown as a deduction from revenue, but as a separate head of expenditure.

Net Revenue.

	Accounts, 1921–22.		Budget Estimate, 1922–23.		Revised Estimate, 1922–23.		Budget Estimate, 1923–24.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Principal Heads of Revenue :—*								
1. Customs ..	34,40,98,381		45,41,84,000		42,30,03,000		45,09,41,000	
2. Taxes on Income ..	18,74,13,424		22,11,39,000		17,89,31,000		19,04,64,000	
3. Salt	6,34,37,848		6,86,03,000		7,17,84,000		11,75,00,000	
4. Opium ..	1,27,19,931		1,23,09,000		2,10,00,000		2,04,81,000	
5. Other Heads..	2,20,16,921		2,35,85,000		2,37,37,000		2,44,97,000	
		62,96,86,505		77,98,20,000		71,84,55,000		80,38,83,000
II. *Commercial Undertakings :—*								
1. Railways ..	(a)*–9,08,99,743*		5,12,41,000		*–42,60,000*		3,85,26,000	
2. Irrigation ..	*–1,09,47,719*		*–3,97,000*		24,16,000		1,54,97,000	
3. Posts and Telegraphs ..	*–8,54,313*		77,96,000		*–1,99,000*		*–3,37,000*	
		–10,27,01,775		5,86,40,000		*–20,43,000*		5,36,86,000
III. *Currency, Mint and Exchange :—*								
1. Currency ..	3,31,77,990		2,38,83,000		2,45,76,000		1,69,46,000	
2. Mint	*–1,84,208*		*–2,74,000*		*–1,94,000*		*–13,31,000*	
3. Exchange (c)..	—		*–9,95,50,000*		*–50,00,000*		—	
		3,29,93,782		*–7,59,41,000*		1,93,82,000		1,56,15,000
IV. *Provincial Contributions and Adjustments*		12,98,72,704		8,57,36,000		9,17,64,000		9,17,74,000
V. *Miscellaneous Civil Receipts* ..		(b) 6,82,05,859		25,69,000		27,14,000		11,35,000
Total Net Revenue ..		75,80,57,075		85,08,24,000		83,02,72,000		96,60,93,000

(a) Excludes proceeds of freight tax which was replaced from 1922–23 by increased goods rates.
(b) Includes „ „ „ „

(c) For explanation of exchange adjustments, *see* page 5.

*Net Expenditure.**

	Accounts, 1921–22.		Budget Estimate, 1922–23.		Revised Estimate, 1922–23.		Budget Estimate, 1923–24.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Debt Services* ..		14,88,69,314		14,35,78,000		14,03,79,000		14,70,61,000
II. *Military Services* :—								
1. Army ..	63,61,49,483		56,51,72,000		61,38,35,000		57,17,67,000	
2. Marine ..	1,10,50,971		1,13,73,000		92,62,000		75,07,000	
3. Military Works	5,09,04,054		4,52,55,000		4,77,81,000		4,07,26,000	
		69,81,04,508		62,18,00,000		67,08,78,000		62,00,00,000
III. *Collection of Revenue*		3,47,07,332		3,67,11,000		3,42,05,000		3,48,91,000
IV. *Civil Administration*								
1. Audit.. ..	70,46,459		81,76,000		77,31,000		79,40,000	
2. Political ..	2,25,61,969		2,88,99,000		2,90,50,000		3,14,91,000	
3. Other Charges	5,67,42,408		5,16,82,000		5,77,04,000		5,21,90,000	
		8,63,50,836		8,87,57,000		9,44,85,000		9,16,21,000
V. *Miscellaneous Civil Charges* ..		5,22,40,367		3,65,49,000		4,89,84,000		4,78,40,000
VI. *Civil Works* ..		1,42,86,418		1,50,57,000		1,38,76,000		1,65,94,000
Total Net Expenditure charged against Revenue		103,45,58,775		94,24,52,000		100,28,07,000		95,80,07,000
Surplus(+) or *Deficit*(−)		*−27,65,01,700*		*−9,16,28,000*		*−17,25,35,000*		+80,86,000

* For explanation of adjustments for exchange, *see* page 5.

Accounts, 1921–22.

It will be seen from the table that the final accounts for 1921–22 show a deficit of Rs.27,65,01,700.

Revised Estimate, 1922–23.

The Revised Estimate of 1922–23 shows a deficit of Rs.17,25,35,000 as compared with a deficit of Rs.9,16,28,000 in the Budget Estimate. This is attributable to the revenue falling short of that estimated under the heads Customs, Taxes on Income, Railways and Posts and Telegraphs; although there were reductions in expenditure, both civil and military, and in interest on debt; there were also increased receipts under opium and salt.

Budget, 1923–24.

In 1922 a Retrenchment Committee was appointed under the Chairmanship of the Rt. Hon. Lord Inchcape, "to make recommendations to the Government of India for effecting forthwith all possible reductions in the expenditure of the Central Government, having regard especially to the present financial position and outlook." The Committee held its first meeting in November, 1922, and submitted its Report to the Government of India in February, 1923. In framing their Budget for 1923–24, the Government of India took account of these recommendations, and made additional reductions in their estimates in the light of the retrenchments recommended, in so far as it was estimated that effect could be given to them in 1923–24.

In the non-military portion of the Budget, excluding interest, the Retrenchment Committee recommended reductions aggregating about Rs.8½ crores with reference to the Budget Estimate of 1922–23, on which their calculations were based. The retrenchments actually introduced in the Budget for 1923–24 represent Rs.6·6 crores, as compared with the total contemplated by the Committee, the difference, amounting to less than Rs.2 crores, representing the allowance which it has been thought necessary to make for the fact that many of the recommendations, even if accepted, cannot be in full operation during the year.

The Retrenchment Committee further recommended that the net military Budget for 1923–24 should be fixed at Rs.57¾ crores, subject to any necessary addition for unavoidable delay in effecting reductions and for terminal charges. The net military Budget fixed by the Government of India for 1923–24 amounts to Rs. 62 crores, the difference of Rs.4¼ crores being due to special expenditure in Waziristan and to the fact that the reductions could not in any case be fully realized in the current year. As a result, the net military Budget for 1923–24 exhibits a decrease of Rs.5 crores as compared with the revised estimate for 1922–23.

The revenue forecast assumed a small growth in revenue, indicated by prevailing trade conditions. In the Budget as originally presented, the expenditure was estimated at Rs.204⅓ crores and the revenue (on the basis of existing taxation) at Rs.198½ crores, leaving a deficiency of about Rs.5¾ crores.

With a view to meeting the deficiency, the following measures have been taken, viz. :—

(i) In addition to crediting to revenue the interest on the securities in the Paper Currency Reserve (as was done in 1921–22 and 1922–23), it has been decided to credit to revenue in 1923–24 the interest also on the £40,000,000 in the Gold Standard Reserve, which is expected to amount in the year to Rs.1,59 lakhs.

(ii) To meet the remaining deficiency (expected, in the original Budget estimate, to amount to Rs.4¼ crores) the salt tax has been raised from Rs.1¼ to Rs.2½ a maund (82⅔ lbs.). This is estimated to yield Rs.4½ crores in 1923–24. The new rate of tax is imposed with effect from 1st March, 1923, until 31st March, 1924. The Indian Finance Act, 1923, in which provision for the raising of the salt duty was made, was passed under the provisions of Section 67B of the Government of India Act. (*Vide* Parliamentary Paper H.C. 74 of 1923.)

As a result of discussion in the Legislature, certain further modifications were made in the original Budget estimates of expenditure. The Legislative Assembly made reductions totalling Rs.1,76 lakhs, of which Rs.1,17 lakhs was restored by the Governor-General in Council, a provision of Rs.9 lakhs being also made for supplementary grants in respect of certain of the other reductions.

In the Budget, as finally passed, the net revenue and expenditure were estimated as follows:—

	Rs.
Net Revenue	96,60,93,000
Net Expenditure	95,80,07,000
Surplus	80,86,000

As compared with the Revised Estimate for 1922–23, these figures show an increase of Rs.13,58,21,000 in net revenue, a decrease of Rs.4,48,00,000 in net expenditure, and an estimated surplus of Rs.80,86,000, as compared with a deficit of Rs.17,25,35,000.

The increases and decreases in the Budget as compared with the Revised Estimate for 1922–23 in detail are as follows:—

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Salt	4,57,16,000	Currency	76,30,000
Railways	4,27,86,000	Miscellaneous Civil Receipts ..	15,79,000
Customs	2,79,38,000	Mint	11,37,000
Posts and Telegraphs	1,30,81,000	Opium	5,19,000
Taxes on Income ..	1,15,33,000	Irrigation ..	1,38,000
Exchange	50,00,000		
Other Heads	7,70,000		
Total	14,68,24,000	Total ..	1,10,03,000

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Debt Services ..	66,82,000	Military Services	5,08,78,000
Civil Works	27,18,000	Civil Administration, Other Charges ..	55,14,000
Political	24,41,000	Miscellaneous Civil Charges ..	11,44,000
Collection of Revenue	6,86,000		
Audit	2,09,000		
Total	1,27,36,000	Total ..	5,75,36,000

Notes on the Heads under which the principal variations occur will be found in Appendix I.

III.—BURDEN OF TAXATION.

	Accounts, 1921–22.	Budget Estimate, 1922–23.	Budget Estimate, 1923–24.
	Lakhs of Rs.	*Lakhs of Rs.*	*Lakhs of Rs.*
Salt	5,97·53	6,47·25	11,35·89
Stamps	10,88·07	13,76·29	13,72·19*
Excise	17,03·80	17,84·85	18,98·53
Customs	34,37·42	45,38·31	45,03·75
Taxes on Income	22,17·55	22,33·11	19,17·64
Registration	1,13·56	1,22·62	1,24·13
Amusement Tax (Bengal)	—	30·00	30·00
Total (excluding Land Revenue) ..	91,57·93	107,32·43	109,82·13
Land Revenue	33,55·56	36,03·04	34,70·06
Total (including Land Revenue) ..	125,13·49	143,35·47	144,52·19
The payment per head, on the assumption that the whole of the taxation is paid by the inhabitants of British India, is :—	*Rs.*	*Rs.*	*Rs.*
(i) exclusive of Land Revenue ..	3·689	4·302	4·381
(ii) inclusive of Land Revenue ..	5·039	5·746	5·764

The above figures include both Central and Provincial revenue.

For the purpose of calculating the payment per head, the figures of population have been based on the Census of 1921 (247,003,293), an annual increase of population at the rate of one-half per cent. being assumed.

* Includes Rs. 16.35 Entertainment Duty, Bombay.

IV.—DEBT TRANSACTIONS AND CAPITAL EXPENDITURE.

Debt Transactions.

1922–23. The Government of India issued a loan in India of unlimited amount in the form of five and ten-year Bonds at par, bearing interest at 6 per cent., free of Indian income-tax, and maturing in 1927 and 1932, respectively.

Conversion facilities were provided for Indian War Bonds, 1922, and arrangements were made for subscriptions to be received at the London Office of the Imperial Bank of India.

The total amounts subscribed were as follows:—

——	Cash.	War Bonds, 1922.	Post Office.	Total.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Five Year Bonds	24,39,38,325	2,20,43,375	78,01,600	27,37,83,300
Ten Year Bonds	18,21,73,375	1,00,75,725	26,43,200	19,48,92,300
Total ..	42,61,11,700	3,21,19,100	1,04,44,800*	46,86,75,600

Two Sterling Loans were issued during 1922–23. Facilities for subscriptions from India were provided for both issues. An issue of £12,500,000 was made in June, 1922, in the form of 5½ per cent. stock repayable at par in January, 1932, the issue price being £96 per cent. This issue was consolidated with the previous issue of £10,000,000 5½ per cent. stock. The proceeds of the issue were to be utilised for Indian Railway purposes. A further Sterling Loan issue of £20,000,000 4½ per cent. stock, redeemable 1950–55, was made in October, 1922, at a price of £85 per cent. The proceeds were to be utilised for Indian Railway and general purposes. The amount allocated to the former was £13½ millions and to the latter £6½ millions.

Rs.12¼ crores of the Permanent Debt in India was discharged during the year, including Rs.3¼ crores War Bonds, 1922, converted into the Rupee Loan of 1922. £400,000 Indian Railway Debentures were discharged in England.

The issue of Treasury Bills was continued during 1922–23 with the exception of the period June 6th to September 13th. The amount outstanding on 31st March, 1923, was Rs. 71,28,45,000, of which Rs. 49,65,00,000 was held on account of the Paper Currency Reserve. The corresponding figures on 31st March, 1922, were Rs. 1,11,85,70,000 and Rs. 57,89,00,000 respectively.

* Including Rs. 8,40,900 subscriptions in War Bonds, 1922.

1923–24. The Budget provided for a capital outlay of Rs. 38·64 crores on railways, of which Rs. 8·64 crores is carried forward from the previous year, Rs. 94 lakhs on Posts and Telegraphs, Rs. 1·97 crores on the new Capital at Delhi; for the discharge of:—

Rs. 5,50,00,000 Treasury Bills held by the public;

Rs. 1,44,59,000 5½ per cent. War Bonds, 1923;

Rs. 2,87,19,000 4 per cent. loans;

Rs. 89,44,000 5½ per cent. War Bonds, 1920, 1921 and 1922, which were not presented for repayment on maturity; and

Rs. 1,02,35,000 5 per cent. War Loan, 1929–47, and Rs. 74,45,000 5 per cent. Income Tax free Loan, 1945–55, by the operation of the Depreciation Fund.

It further assumed the receipt from a Rupee Loan in India of Rs. 25 crores, and from the issue of Sterling Loans of £15,000,000.

A sterling issue of £20,000,000 4½ per cent. stock, repayable at par in January, 1950–55, and to be consolidated with the previous issue of October, 1922, was made in May, 1923, at £90 per cent. It was announced at the time of issue that the proceeds would be utilized for Indian railway and general purposes. The amount allocated to the former was £17 millions, and to the latter £3 millions. Facilities for subscriptions from India were provided.

The Rupee Loan, which was limited in amount to Rs. 24 crores, opened on 4th July, 1923; and, the amount required having been fully subscribed, the lists were closed on the 9th July. The loan was issued in two forms: (*a*) ten year bonds at Rs. 97 per cent., carrying interest at 5 per cent. per annum, free of Indian Income Tax; and (*b*) long term loan at Rs. 96 per cent. repayable at par not earlier than 15th October, 1945, or later than 15th October, 1955, and carrying interest at 5 per cent. per annum, free of Indian Income Tax. Subscriptions were admissible in cash, Indian Treasury Bills and Indian War Bonds, 1923, 1925 and 1928, but the 1925 and 1928 War Bonds were only convertible into the long-term loan. Subscriptions were receivable both in India and in London.

In April, 1923, a new series of Post Office Five-year Cash Certificates was issued. These Certificates improve in value at the end of the first year and thereafter quarterly, and will earn at maturity a bonus of 6 per cent. compound interest free of Indian Income Tax on the amount invested, instead of 5¼ per cent. as previously allowed. They are issued in denominations of Rs. 10, Rs. 20, Rs. 50, Rs. 100 and Rs. 500.

Railways.

On the 31st March, 1922, the length of railways in India open for traffic was 37,265 miles, of which 247⅞ miles were opened in the preceding twelve months. The total route mileage under construction, or sanctioned for construction, at the close of the year was 1,823½ miles. (*See* App. II. (*b*) (i).)

The capital expenditure on railways shown in the Government Accounts for 1921–22 and Estimates for 1922–23 and 1923–24, is as follows :—

——	Accounts, 1921–22.	Revised Estimate, 1922–23.	Budget, 1923–24.
	Rs.	*Rs.*	*Rs.*
(A) Outlay on lines worked by the State and by guaranteed companies :—			
(1) From funds provided by the State ..	22,32,50,765	19,89,27,000	34,12,69,000
(2) From funds raised through companies or provided from other sources ..	63,88,170	26,78,000	4,51,26,000
	22,96,38,935	20,16,05,000	38,63,95,000
(B) Deposits of branch line companies ..	*—18,861*	86,000	17,000
Total ..	*22,96,20,074	*20,16,91,000	*38,64,12,000

* The figures in the above table have been arrived at after allowing for adjustment in respect of exchange, as part of the credit or debit budgeted under this head is allocated to railway capital account.

The following table shows the capital outlay on all State lines up to the end of each year and the net return obtained after deducting working expenses and interest charges (*see* also table in Appendix II (*b*) (ii)):—

——	Accounts, 1921–22.	Revised Estimate, 1922–23.	Budget, 1923–24.
Capital at charge at end of each year	*Rs.* 5,44,30,50,333	*Rs.* 5,62,92,73,000	*Rs.* 5,99,99,52,000
* Working profit from railways excluding interest charges ..	15,40,84,818	25,36,00,000	31,38,18,000
Percentage of same to capital at charge ..	2·83%	4·50%	5·23%
* Final working profit (or *loss*) after meeting interest charges ..	*Rs.* *—9,08,99,743*	*Rs.* *—42,60,000*	*Rs.* 3,85,26,000
Percentage of same to capital at charge ..	*1·67%* (*loss*)	*0·08%* (*loss*)	0·64% (gain)

* Exclusive of receipts from freight tax (accounted for under the head "Miscellaneous Civil Receipts") amounting in 1921–22 to about Rs. 5½ crores; this tax was replaced in 1922–23 by increased goods rates.

Posts and Telegraphs

In the Budget for 1923–24 provision has been made of Rs.94 lakhs for capital outlay on the Indian Postal and Telegraph Department. The corresponding figures for 1922–23 were:—Budget Estimate, Rs. 1,45 lakhs; Revised Estimate, Rs. 1,10,36,000. Prior to 1921–22 all expenditure on the Department, inclusive of capital outlay, was charged to Revenue.

Expenditure on the New Capital at Delhi.

The capital expenditure incurred, or estimated to be incurred, during the three financial years under review, on permanent works at Delhi, is as follows:—

	Rs.
1921–22 (Accounts)	1,35,27,418
1922–23 (Revised Estimate)	1,91,50,000
1923–24 (Budget Estimate)	1,97,00,000

The total actual capital expenditure incurred up to 31st March, 1922, was Rs. 6,17,27,000.

Classification of Public Debt.

Immediately prior to 1921–22 the debt of India was classified as (1) Railway Debt, (2) Irrigation Debt, (3) Initial Expenditure on the New Capital at Delhi, (4) Bombay Development Scheme, (5) Ordinary Debt, and (6) Treasury Bills and Short-term loans.

In the table below items (3) and (4) are included under Ordinary Debt.

With effect from 1921–22, the classification has been re-cast, owing to the application of borrowed funds to capital expenditure in the Telegraph Department, and to capital works undertaken by Provincial Governments in exercise of the borrowing powers conferred on them under the Reforms Scheme. The heads under which the debt has been re-cast are as follows:—

(1) Debt debited to Commercial Departments, sub-divided into (*a*) Railways, (*b*) Posts and Telegraphs, (*c*) Irrigation, and (*d*) Forests.

(2) Ordinary debt, and

(3) Treasury Bills and Short-term loans.

The amount shown against Ordinary Debt for 31st March, 1922 in the table below includes Rs. 6,17,27,161 and Rs. 3,74,27,802 for the New Capital at Delhi and the Bombay Development Scheme, respectively.

The portion of the Public Debt shown as incurred for Commercial Departments is determined with reference to the actual capital outlay in those departments provided from Government resources, irrespective of whether it has been financed by loans raised by Government or otherwise, *e.g.*, by the use of surplus revenue deposits or miscellaneous funds. The funds devoted to capital expenditure in any year normally exceed the money raised for the purpose. When this is the case, the adoption of the method explained above for calculating the amount of debt utilised for Commercial Departments results in the increase of the amount of

this debt and an equivalent decrease in the ordinary (or unproductive) debt, corresponding roughly to the extent to which funds raised otherwise than by borrowing are devoted to capital outlay on commercial undertakings. The operation is reversed in any year in which, owing to unfavourable financial conditions, funds obtained by loans are used in the ordinary disbursements of Government.

In the following table, which includes the public debt of the Central and the Provincial Governments, the sterling and rupee debts of India have been combined at the rate of Rs. 10 = £1.

	31/3/16.	31/3/17.	31/3/18.	31/3/19.
Debt debited to Commercial Departments:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
(1) Railways	3,22,99,73,110	3,25,25,50,700	3,30,63,50,600	3,37,55,63,850
(2) Irrigation	63,68,41,720	64,92,82,850	65,98,76,100	66,73,60,220
(3) Posts and Telegraphs.. ..				
(4) Forest				
Ordinary Debt	*—56,04,98,840*	*—48,27,15,980*	42,16,11,910	56,73,55,070
Treasury Bills and short term Loans..	13,50,00,000	50,00,000	47,57,05,000	49,24,30,000
Total	3,44,13,15,990	3,42,41,17,570	4,86,35,43,610	5,10,27,09,140

	31/3/20.	31/3/21.	31/3/22.	31/3/23.†
Debt debited to Commercial Departments:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
(1) Railways	3,50,85,85,130	3,77,45,54,938	3,99,67,52,477	4,17,44,11,000
(2) Irrigation	67,50,86,770	68,77,12,546	78,00,79,612	81,31,08,000
(3) Posts and Telegraphs.. ..			15,23,64,560	16,10,87,000
(4) Forest			3,09,239	8,37,000
Ordinary Debt	51,12,72,870	22,35,56,424	30,91,44,589	81,11,89,000
Treasury Bills and short term Loans..	52,98,00,000	1,04,93,10,000	1,11,85,70,000	71,23,90,000
Total	5,22,47,44,770	5,73,51,33,908	6,35,72,20,477	6,67,30,22,000

† Figures for 31/3/23 are provisional.

Miscellaneous Liabilities and Assets.

There are also other obligations of the Government of India, including Post Office Cash Certificates (which are treated in the Government of India's Accounts as unfunded debt), Savings Bank balances, Judicial and Departmental deposits, balances of Service Funds, etc., amounting on 31st March, 1923, to Rs. 89,13 lakhs, and the various railway annuities, representing in 1922–23 an expenditure of Rs. 5,03,62,000. But of this last-mentioned sum, Rs. 1,17,65,000 was devoted to redemption of capital liabilities. The total liability redeemed by these annual payments amounted on 31st March, 1923, to Rs. 20,53,15,810.

On that date, also, the Government of India had lent Rs. 8,91,20,485 (net) to Native States, Corporations, Agriculturists, etc. Other assets included the Gold Standard Reserve, consisting of sterling securities of an estimated value of £40,043,831, and £3,658 in cash; the cash balances in India, Rs. 25,93,35,000; and the Treasury balances in England, £9,590,232.*

* The figures in the final sentence are actuals, and hence differ from the "Revised Estimate" figures in the following statement

V.—GENERAL STATEMENT OF THE RECEIPTS AND DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

The following table shows the opening balances, receipts, disbursements and closing balances, estimated or actual, of the Government of India in 1921–22, 1922–23, and 1923–24.

	Accounts, 1921–22.	Budget, 1922–23.	Revised, 1922–23.	Budget, 1923–24.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Opening Balance, India	13,83,56,901	22,48,09,901	25,66,13,170	23,89,58,170
Opening Balance, England	(a)7,20,98,319	(a)7,00,48,319	(b)8,99,53,817	(b)7,41,81,817
Total Opening Balance	21,04,55,220	29,48,58,220	34,65,66,987	31,31,39,987
RECEIPTS—				
Revenue Surplus	—	—	—	80,86,000
Capital Contributions by Railway Companies and Indian States towards construction of State Railways	63,88,170	3,86,74,000	26,78,000	4,51,26,000
Permanent Debt (net incurred)	42,26,70,108	41,21,93,000	66,45,36,000	33,15,56,000
Floating Debt (net incurred)	6,92,60,000	—	—	—
Unfunded Debt (net incurred)	4,62,46,893	3,07,15,000	3,14,11,000	5,01,85,000
Deposits and Advances (net)	18,71,20,018	24,76,67,000	18,64,85,000	11,42,69,000
Loans and Advances by Central Government (net Repayments)	—	9,74,000	18,99,000	6,67,000
Remittances (net)	3,24,36,065	1,41,53,000	1,64,000	—
Secretary of State's Bills Drawn	—	—	2,57,00,000	—
Balances of Provincial Governments (net)	—	—	1,57,37,000	—
Total Receipts	76,41,21,254	74,43,76,000	92,86,10,000	54,98,89,000
Total	97,45,76,474	1,03,92,34,220	1,27,51,76,987	86,30,28,987

(a) Of this amount, Rs. 48,828 represents the funds of the Gold Standard Reserve.
(b) Of this amount, Rs. 17,753 represents the funds of the Gold Standard Reserve.

	Accounts, 1921–22.	Budget, 1922–23.	Revised, 1922–23.	Budget, 1923–24.
	Rs.	*Rs.*	*Rs.*	*Rs.*
DISBURSEMENTS—				
Revenue Deficit	27,65,01,700	9,16,28,000	17,25,35,000	—
Construction of State Railways	22,96,38,935	30,00,00,000	20,16,05,000	38,63,95,000
Capital Outlay on Indian Postal and Telegraph Department	81,61,617	1,45,00,000	1,10,36,000	94,30,000
Construction of Irrigation Works	1,18,180	2,69,000	2,00,000	22,000
Initial Expenditure on new Capital at Delhi	1,35,27,418	2,00,00,000	1,91,50,000	1,97,00,000
Payments for Discharge of Debentures (net)	7,85,276	3,60,49,000	60,00,000	4,51,26,000
Floating Debt (net Discharged)	—	29,94,46,000	41,15,00,000	5,50,00,000
Loans and Advances by Central Government (net Advances)	1,47,235	—	—	—
Loans between Central and Provincial Governments (net Advances)	6,38,28,435	5,50,00,000	11,43,11,000	13,46,77,000
Remittances (net)	—	—	—	80,15,000
Secretary of State's Bills Paid	—	—	2,57,00,000	—
Balances of Provincial Governments (net)	3,53,00,691	4,35,44,000	—	1,20,12,000
Total Disbursements	62,80,09,487	86,04,36,000	96,20,37,000	67,03,77,000
Closing Balance	34,65,66,987	17,87,98,220	31,31,39,987	19,26,51,987
Total	97,45,76,474	1,03,92,34,220	1,27,51,76,987	86,30,28,987
DISTRIBUTION OF CLOSING BALANCE—				
Closing Balance, India	25,66,13,170	13,63,34,901	23,89,58,170	14,76,21,170
Closing Balance, England	a 8,99,53,817	b 4,24,63,319	a 7,41,81,817	a4,50,30,817

a Of this amount, Rs. 17,753 represents the funds of the Gold Standard Reserve.
b Of this amount, Rs. 48,828 represents the funds of the Gold Standard Reserve.

VI.—GOLD STANDARD RESERVE.

In accordance with the recommendation made by Sir Henry Fowler's Committee, it was decided that, with effect from 1st April, 1900, the net profit from the coinage of rupees should not be treated as Revenue, but should be held as a special reserve (now called the Gold Standard Reserve).

The principal objects for which the Reserve is maintained are (1) to provide funds from which the Secretary of State for India can finance his requirements at times when he cannot conveniently sell Council drafts on India; and (2) to furnish resources against which, in normal times, sterling drafts may be sold by the Government of India to remitters in India, with a view to preventing a depreciation of the exchange. The earlier history of the Reserve is described in the Explanatory Memorandum for 1922–23.

In 1921–22 and 1922–23 the assets of the Gold Standard Reserve in excess of £40,000,000 on the basis of current market prices, were appropriated in reduction of the outstanding fiduciary currency, but in 1923–24 the corresponding assets will be appropriated to revenue.

Statistics, etc., regarding the Gold Standard Reserve.

The total receipts from profit on coinage, interest and discount, and profit by exchange up to 31st March, 1923, were as follows:—

	£
Profits on Coinage—1900-01 to 1922-23 ...	28,573,606
Interest and discount	16,859,261
Profit by exchange	194,917
	£45,627,784

Of this sum, £1,123,655 has been used for capital expenditure on railways; the remainder, out of which £2,818,728 has been transferred to the Paper Currency Reserve in reduction of created Rupee securities, has been paid to the Reserve. The following table shows the disposal of the sums paid to the Reserve up to 31st March, 1923:—

	£	£
Profits on Coinage paid to Gold Standard Reserve—		
Total Profits realized 1st April, 1900, to 31st March, 1923 ..	28,573,606	
Deduct amount used for Capital Expenditure on Railways ..	*1,123,655*	
		27,449,951
Interest and discount received up to 31st March, 1923	16,859,261	
Profit by exchange ..	194,917	
Profit through appreciation	42,059	
		17,096,237
Profits and Interest paid to Reserve from 1st April, 1900, to 31st March, 1923		44,546,188
Deduct—		
Loss on Sale, Redemption, and Conversion of Securities ..	*1,659,397*	
Transferred to Paper Currency Reserve in reduction of created securities	*2,818,728*	
Miscellaneous Charges	*20,574*	
		4,498,699
Amount of Reserve on 31st March, 1923 ..		£40,047,489

	£
Sterling Securities held in England (estimated value)	40,043,831
Cash held in England on account of the Reserve	3,658
	£40,047,489

The Securities, estimated at £40,043,831 (as shown above), were as follows:—

Securities.	Nominal Value.	Cost Price.	Estimated Value on 31st March, 1923.
	£	£	£
Exchequer Bonds	2,250,000	2,362,719	2,371,808
Guaranteed 2½ per cent. Stock ..	438,720	407,187	265,426
National War Loan	567,601	564,058	578,243
National War Bonds	4,906,000	5,183,220	5,254,386
Treasury Bills	30,955,000	30,794,187	30,874,879
Union of South Africa Bills ..	700,000	690,401	699,089
Total	39,817,321	40,001,772	40,043,831

The net profit on the Gold Standard Reserve Investments up to 31st March, 1923, is shown below:—

	£	£
Estimated value of securities on 31st March, 1923		40,043,831
Cost price of securities held on 31st March, 1923		40,001,772
Gain through Appreciation		42,059
Loss on sale and redemption of securities ...		1,659,397
Net loss		1,617,338
Miscellaneous charges		20,574
Total of losses and charges		1,637,912
Interest and Discount received up to 31st March, 1923	16,859,261	
Profit by exchange	194,917	
		17,054,178
Net profit on Investments		£15,416,266

VII.—EXCHANGE AND REMITTANCE.

The sales by the Secretary of State of bills and transfers on India, and by the Government of India of bills and transfers on London, during the last ten years have been as follows:—

Sales by the Secretary of State.

1913–14 ..	£31,200,827	at an average rate of	1s. 4·070d the rupee.
1914–15 ..	£ 7,794,002	,, ,,	1s. 4·004d. ,,
1915–16 ..	£20,371,460	,, ,,	1s. 4·088d. ,,
1916–17 ..	£33,021,429	,, ,,	1s. 4·148d. ,,
1917–18 ..	£34,913,141	,, ,,	1s. 4·534d. ,,
1918–19 ..	£22,539,438*	,, ,,	1s. 5·499d. ,,
1919–20 ..	£27,524,437†	,, ,,	1s. 10·643d. ,,
1920–21 ..	*nil.*		
1921–22 ..	*nil.*		
1922–23 ..	£ 2,570,026‡	,, ,,	1s. 4·438d. ,,

* In addition, £3,372,617 Council Bills were sold to Exchange Banks under special conditions at the rate of 1s. 4·16d.

† In addition £2,701,782 Council Bills were sold to Exchange Banks under special conditions at an average rate of 1s. 4·52d.

‡ In addition, £70,000 was obtained by the purchase of sterling by the Government of India, and £2,126,210 by the acquisition, against rupee payment in India, of the proceeds of loans raised in London by Indian public bodies.

Sales by the Government of India.

1914–15 .. £8,707,000 Bills and Transfers { Bills at 1*s.* 3$\frac{3}{4}$*d.* the rupee Transfers at 1*s.* 3$\frac{15}{16}$*d.* and 1*s.* 3$\frac{7}{32}$*d.* the rupee.

1915–16 .. £4,893,000 deferred Transfers at 1*s.* 3$\frac{29}{32}$*d.*

1918–19 .. £5,315,000 Transfers at average rate of 1*s.* 5$\frac{11}{16}$*d.* the rupee for immediates and 1*s.* 6$\frac{3}{32}$*d.* for deferred.

1919–20 .. £24,544,000 Transfers at average rate of 2*s.* 7·986*d.* the rupee for immediates and 2*s.* 6·009*d.* for deferred.

1920–21 .. £30,988,000 Transfers at average rate of 2*s.* 2·102*d.* the rupee for immediates and 2*s.* 2·038*d.* for deferred.

1921–22 .. *Nil.*

1922–23 .. *Nil.*

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VIII.—SEA-BORNE TRADE.

The figures of Exports from, and Imports into, India during 1920–21, 1921–22, and 1922–23, are given in Appendix II (c) on pages 33 to 38.

India Office,
25th August, 1923.

WINTERTON.

APPENDIX I.

NOTES ON CERTAIN HEADS OF NET REVENUE AND EXPENDITURE.

NET REVENUE.

Customs.	*Rs.*
Accounts, 1921–22	34,40,98,381
Budget, 1922–23	45,41,84,000
Revised Estimate, 1922–23 ...	42,30,03,000
Budget, 1923–24	45,09,41,000

The large decrease in the Revised Estimate, as compared with the Budget, for 1922–23 was due to a decline in respect of the import duties on sugar, cutlery and hardware, railway plant and rolling-stock, matches, spirits, machinery and "other manufactured articles," and of the excise duty on cotton manufactures. These decreases were, however, to some extent set off by increases from the import duties on cotton piece-goods, metals, and articles of food and drink, and the new excise duty on kerosene.

The Budget estimate for 1923–24 allows for a slight growth of revenue under the more important tariff heads. It also provides, as a result of certain minor adjustments§ in the tariff schedule made in the Indian Finance Act (1923), for small increases of revenue in respect of saccharine and tea-chests, and small decreases under railway materials, machinery, and the export duty on hides and skins.

Details of the receipts obtained or expected to be obtained under the respective heads are given in the table below.

SEA CUSTOMS.*	Accounts, 1921–22.	1922–23.		Budget, 1923–24.
		Budget.	Revised.	
Imports:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Special Import Duties.				
1. Liquors—				
(*a*) Ale, Beer, Porter, Cider and other fermented Liquors ..	11,44,000	16,00,000	13,70,000	14,30,000
(*b*) Spirits and Liqueurs	1,91,71,000	2,43,00,000	2,02,00,000	2,26,00,000
(*c*) Wines	12,58,000	14,00,000	11,30,000	12,00,000
2. Sugar, all sorts	6,50,69,000	6,25,00,000	4,65,00,000	†5,00,00,000
3. Tobacco	1,01,36,000	1,40,00,000	1,47,00,000	1,60,00,000
4. Coal, coke and patent fuel	7,59,000	5,00,000	5,30,000	5,50,000
5. Mineral oils	80,97,000	1,30,00,000	1,11,50,000	1,25,00,000
6. Arms, Ammunition and Military Stores	7,51,000	8,50,000	8,50,000	9,00,000
7. Opium	2,000	3,000	3,000	3,000
8. Cotton yarn and thread	—	50,00,000	52,00,000	55,00,000
9. Cotton piece-goods	4,66,61,000	5,60,00,000	6,56,00,000	6,85,00,000
10. Matches	1,03,84,000	2,05,00,000	1,53,00,000	1,60,00,000
Duty at 2½ per cent.				
11. Machinery	1,15,95,000	1,05,00,000	69,00,000	69,00,000
12. Other articles	2,66,000	5,00,000	2,00,000	2,00,000

* The rates of duty shown in this column are those for 1923–24.
† Includes Rs.20 lakhs expected from the alteration in the rate of duty on saccharine.

The substantive changes made in the Tariff Schedule by the Act are:—
(1.) Adoption of a new definition of "Machinery and its component parts," and consequential changes in the entries relating to railway and building materials, ships, etc.;
(2.) Raising of the duty on saccharine;
(3.) Withdrawal of the concessional rate in respect of tea-chests and of lead therefor; and
(4.) Reduction of export duty on raw hides and skins from 15% to 5% *ad valorem*.

SEA CUSTOMS*—*continued.* Imports:—*continued.*	Accounts, 1920–21.	1922–23. Budget.	1922–23. Revised.	Budget, 1923–24.
Duty at 10 per cent.	*Rs.*	*Rs.*	*Rs.*	*Rs.*
13. Metals—Iron and Steel	67,75,000	1,73,00,000	1,86,00,000	2,00,00,000
14. Railway plant and rolling stock ..	53,32,000	1,73,00,000	1,20,00,000	1,10,00,000
15. Other articles	1,79,000	—	1,91,000	2,01,000
Duty at 15 per cent.				
16. Articles of Food and Drink (excluding sugar and vinegar)	83,00,000	94,00,000	1,30,00,000	1,45,00,000
17. Raw materials and articles mainly unmanufactured	42,15,000	45,00,000	68,00,000	68,00,000
18. Articles wholly or mainly manufactured—				
(*a*) Cutlery, hardware, implements and instruments	1,27,24,000	2,02,00,000	1,36,00,000	1,48,50,000
(*b*) Metals other than Iron and Steel	61,55,000	86,00,000	1,10,00,000	1,21,00,000
(*c*) Yarns and textile fabrics (other than cotton manufactures) ..	55,03,000	65,00,000	73,00,000	78,00,000
(*d*) All other articles wholly or mainly manufactured ..	2,71,06,000	4,54,00,000	3,83,00,000	4,00,00,000
19. Miscellaneous	70,75,000	65,00,000	51,00,000	60,00,000
Duty at 30 per cent.				
20. Motor cars and cycles	51,50,000	80,00,000	59,00,000	70,00,000
21. Silk piece-goods and other manufactures of silk	51,60,000	80,00,000	81,00,000	85,00,000
22. Pneumatic rubber tyres and tubes ..	21,85,000	29,00,000	32,60,000	37,50,000
23. Other articles	58,67,000	95,00,000	1,60,00,000	1,10,00,000
Total Imports	27,70,19,000	37,47,53,000	34,32,84,000	36,57,84,000
24. Export duties—				
(*a*) Hides and skins, raw	51,42,000	62,00,000	44,00,000	25,00,000
(*b*) Jute (raw and manufactured) ..	2,71,99,000	3,20,00,000	3,41,06,000	3,45,00,000
(*c*) Rice	80,45,000	1,10,00,000	1,10,00,000	1,15,00,000
(*d*) Tea	46,26,000	60,00,000	50,95,000	55,45,000
25. Sea Customs—Miscellaneous	12,67,000	20,00,000	11,25,000	11,74,000
26. Land Customs	14,60,000	12,00,000	20,00,000	20,33,000
27. Excise Duty on Cotton manufactures	2,19,17,000	2,35,00,000	1,78,15,000	1,88,15,000
28. Excise Duty on Motor Spirit	61,10,000	75,00,000	70,00,000	80,00,000
29. Excise Duty on Kerosene	18,000	40,00,000	88,78,000	90,90,000
30. Warehouse and wharf rents and Miscellaneous	8,28,000	10,00,000	8,00,000	10,00,000
Grand Total	35,36,31,000	46,91,53,000	43,55,03,000	45,99,41,000
Deduct—Refunds ..	*95,33,000*	*1,49,69,000*	*1,25,00,000*	*90,00,000*
Net Total	34,40,98,000	45,41,84,000	42,30,03,000	45,09,41,000*

* The rates of duty shown in this column are those for 1923–24.

Taxes on Income.

—	Accounts, 1921-22.	Budget, 1922-23.	Revised Estimate, 1922-23.	Budget, 1923-24.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Excess Profits Duty	26,30,568	nil.	2,18,000	nil.
Super Tax	8,76,61,852	8,07,10,000	7,49,93,000	6,38,57,000
Income Tax	16,08,59,371	16,43,88,000	15,13,67,000	13,45,78,000
TOTAL TAXES ON INCOME	25,11,51,791	24,50,98,000	22,65,78,000	19,84,35,000
Deduct Refunds	*2,93,96,968*	*2,17,87,000*	*4,44,05,000*	*66,71,000*
TOTAL REVENUE	22,17,54,823	22,33,11,000	18,21,73,000	19,17,64,000
Share of Provincial Governments under Devolution Rules	*3,43,41,399*	*21,72,000*	*32,42,000*	*13,00,000*
Total Revenue of Central Government ..	18,74,13,424	22,11,39,000	17,89,31,000	19,04,64,000

Excess Profits Duty.—The Revised Estimate for 1922–23 represents the collection of arrears thrown forward from former years.

Super-tax and Income-tax.—The Revised Estimate of net revenue for 1922–23 shows a decrease of Rs. 4¼ crores as compared with the Budget Estimate, mainly owing to a reduction in the profits

of 1921–22 and to heavy refunds necessitated by the adjustment of provisional assessments made on the basis of the previous year's income. This adjustment system has now been abolished, and the Budget Estimate for 1923–24 provides for a decrease of Rs. 3¾ crores in refunds; but this improvement is expected to be largely counterbalanced by the effects of lower profits during 1922–23.

Share of Provincial Governments.—Under rule 15 of the Devolution Rules, Provincial Governments receive a share in the income-tax collected within their jurisdiction at the rate of three pies on each rupee brought under assessment in respect of which the income-tax assessed has been collected. In consideration of this allocation, the Provincial Governments make fixed annual assignments equivalent to the amount which would have accrued to them in the year 1920–21 if the three-pie rate had been in force in that year. The explanation of the large decrease (over ·3 crores), in the "share of Provincial Governments," shown in 1922–23 and 1923–24, as compared with 1921–22, is as follows. Prior to 1922–23, the revenue accruing to the Central Government from taxes on income was shown partly under the head "Taxes on Income," and partly (under the procedure outlined above) under the head "Contributions and Assignments between the Central and Provincial Governments." Under revised rules, which came into force on the 1st April, 1922, the above procedure was discontinued, and the whole revenue accruing to the Central Government in respect of taxes on income now appears under the head "Taxes on Income."

	Salt.	*Rs.*
Accounts, 1921–22	...	... 6,34,37,848
Budget, 1922–23 ...	...	... 6,86,03,000
Revised Estimate, 1922–23		... 7,17,84,000
Budget, 1923–24	...	... 11,75,00,000

The Budget Estimate for 1923–24, on the basis of last year's taxation, was placed at Rs. 7¼ crores.

Under the Indian Finance Act, 1923, the duty on salt imported into, and produced in, India was increased with effect from the 1st March 1923, from Rs. 1–4a. to Rs. 2–8a. a maund. Allowing for the operation of the credit system of sales, which is in force in Bengal, Madras and Bombay, the extra revenue from the doubling of the duty is estimated at Rs. 25 lakhs in 1922–23, and Rs. 4,50 lakhs in 1923–24.

Opium.

——	Accounts, 1921–22.	*Budget, 1922–23.	Revised Estimate, 1922–23.	Budget, 1923–24.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Receipts	3,07,24,798	3,09,30,000	3,98,68,000	3,93,12,000
Charges	*1,80,04,867*	*1,86,21,000*	*1,88,68,000*	*1,88,31,000*
Net revenue	1,27,19,931	1,23,09,000	2,10,00,000	2,04,81,000

* *See* introductory note on "Exchange," page 5.

Opium is supplied at fixed prices to certain foreign Governments, principally the Straits Settlements, the Netherlands Indies, and Siam; the balance is sold by auction at Calcutta. In respect of opium consumed in India only the amount charged to Local Governments as cost of production is credited under this head, the difference between actual price of issue and cost of production being credited to Provincial revenues under the head of Excise.

As a result of an increased demand for opium in the Far East, the number of chests disposed of by auction during 1922–23 was much greater than had been anticipated in the Budget.

Railways.

—	Accounts, 1921-22.	Budget, 1922-23.	Revised Estimate, 1922-23.	Budget, 1923-24.
	Rs.	*Rs.*	*Rs.*	*Rs.*
State Railways:—				
Gross Receipts	81,69,27,377	99,57,26,000	92,07,26,000	95,57,24,000
Working Expenses	*65,66,78,003*	*68,05,74,000*	*65,83,85,000*	*63,01,50,000*
Net Traffic Receipts ..	16,02,49,374	31,51,52,000	26,23,41,000	32,55,74,000
Surplus Profits paid to Companies, &c.	*1,06,40,122*	*60,00,000*	*68,07,000*	*98,77,000*
Interest Charges—				
Interest on capital spent or advanced by the State ..	*15,63,48,048*	*16,69,74,000*	*16,96,83,000*	*18,77,90,000*
Interest on capital deposited by Companies	*3,35,17,355*	*3,36,48,000*	*3,32,04,000*	*3,22,30,000*
Annuities in purchase of Railways	*5,07,83,728*	*5,03,62,000*	*5,03,62,000*	*5,03,62,000*
Sinking Funds	*43,35,430*	*45,82,000*	*46,11,000*	*49,10,000*
Total	*25,56,24,683*	*26,15,66,000*	*26,46,67,000*	*28,51,69,000*
Net Receipts or *Expenditure* ..	*—9,53,75,309*	5,35,86,000	*—23,26,000*	4,04,05,000
Other receipts (net) or *charges (net)**	44,75,566	*—23,45,000*	*—19,34,000*	*—18,79,000*
Net Receipts or *Expenditure* (all Railways)..	*—9,08,99,743*†	5,12,41,000	*—42,60,000*	3,85,26,000

* Includes (i) receipts and expenditure in respect of Subsidised Companies and (ii) miscellaneous expenditure which cannot be allocated to specific companies.
† Exclusive of receipts from the surtax on goods traffic amounting to Rs. 5,63,91,517.

The position of the Railway Revenue Account in recent years is exhibited in the following table:—

		Rs.
1919–20	Net receipts ...	13,81,01,444
1920–21	Net receipts ...	5,64,09,263
1921–22	Net expenditure ...	*9,08,99,743*
1922–23 (Budget)	Net receipts ...	5,12,41,000
1922–23 (Revised Estimate)	Net expenditure ...	*42,60,000*
1923–24 (Budget)	Net receipts ...	3,85,26,000

These figures are arrived at after charging in the Account not only all interest charges, but also payments in redemption of capital which are made partly through sinking funds and partly

through the annuities created for the purchase of various railways. The following are the amounts of such payments in redemption of capital in the three years under review :—

	Rs.
In 1921–22	1,57,10,041
In 1922–23 (Revised Estimate) ...	1,63,76,000
In 1923–24 (Budget)	1,70,80,000

State Railways.—The profit derived by the State from the railways arises from the State lines, under which head are included not only the lines worked by the State (of which the most important are the North-Western, Eastern Bengal, and Oudh and Rohilkhand systems), but also lines which, while classified as State railways, are worked by companies receiving guaranteed interest on their share capital and a share of the surplus profits. Among the most important of the lines included in the latter class are the East Indian, Bengal-Nagpur, Bombay Baroda and Central India (including Rajputana-Malwa), Madras and Southern Mahratta, South Indian, Great Indian Peninsula (including the Indian Midland Railway), Assam-Bengal, and Burma Railways.

The Revised Estimate, as compared with the Budget, for 1922–23 shows a decrease of Rs. 7½ crores in Gross Receipts, attributable to a decline in both goods and passenger traffic owing to the general economic factors of poor trade and increased cost of living. This decrease is partially set off by a decrease of Rs. 2¼ crores in Working Expenses.

In the Budget for 1923–24, the Gross Receipts have been estimated at Rs. 95½ crores, being Rs. 3½ crores more than the Revised Estimate for 1922–23. This is based on the fact that the enhanced fares, which it was not practicable to bring into effect from the commencement of 1922–23, will be in force throughout the year, and on the assumption that trade may be expected in some degree at any rate to revive. Provision is also made, in the Budget, for a decrease in Working Expenses of Rs. 2¾ crores, as compared with the Revised Estimate for 1922–23.

Posts and Telegraphs.

—	Accounts, 1921-22.	Budget, 1922-23.	Revised Estimate, 1922-23.	Budget, 1923-24.
	Rs.	Rs.	Rs.	Rs.
Indian Postal and Telegraph Department :—				
Receipts	9,05,91,829	10,91,19,000	9,73,39,000	10,30,99,000
Expenditure	*10,33,83,089*	*10,17,15,000*	*9,66,90,000*	*8,90,18,000*
Net Receipts or *Expenditure*.. ..	*—1,27,91,260*	74,04,000	6,49,000	1,40,81,000
Indo-European Telegraph Department :—				
Receipts	49,11,172	40,15,000	50,46,000	40,84,000
Expenditure	*30,67,631*	*36,23,000*	*32,79,000*	*26,68,000*
Net Receipts or *Expenditure*.. ..	18,43,541	3,92,000	17,67,000	14,16,000
Total Net Receipts or *Expenditure*— Posts and Telegraphs	*—1,09,47,719*	77,96,000	24,16,000	1,54,97,000

Indian Postal and Telegraph Department.—The Revised estimate of Gross Receipts for 1922–23 falls short of the Budget by Rs. 1,18 lakhs, owing partly to depression in trade and partly to reduction in correspondence in the early months of the year as the result of the increased rates of postage introduced by the Indian Finance Act, 1922; the decrease would have been more but for larger realisations on account of rent of telephones and miscellaneous receipts. The Budget for 1923–24 provides for increased receipts of Rs. 57½ lakhs over the Revised estimate for 1922–23. The Indian Finance Act, 1923, provides for the continuance during 1923–24 of the increased postal rates introduced by the Finance Act of 1922.

The Budget estimate of working expenses for 1923–24 has been framed with general reference to the recommendations of the Indian Retrenchment Committee, and is Rs. 63¾ lakhs less than the Revised estimate for 1922-23.

Exchange.	*Rs.*
Accounts, 1921–22	nil.
Budget, 1922–23	*- 9,95,50,000*
Revised Estimate, 1922–23 ...	*- 50,00,000*
Budget, 1923–24	nil.

For an explanation of the variations under this Head, *see* the introductory note on " Exchange," on page 5.

Provincial Contributions and Adjustments.

—	Accounts, 1921–22.	Budget, 1922–23.	Revised Estimate, 1922–23.	Budget, 1923–24.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Contributions and Assignments	12,97,80,933	9,20,00,000	9,20,00,000	9,20,00,000
Miscellaneous adjustments (net receipts or *charges*)	91,771	*—62,64,000*	*—2,36,000*	*—2,26,000*
Total (net receipts)	12,98,72,704	8,57,36,000	9,17,64,000	9,17,74,000

Contributions.—It was provided by the Devolution Rules, made under para. 45A of the Government of India Act, that in the year 1921–22 contributions of specified amount, and in future years similar contributions or such smaller sums as might be determined by the Governor-General in Council, should be paid by the Local Governments to the Government of India. If for any year the total of the contributions were reduced, reductions should be made in respect of those Local Governments only whose last previous annual contribution should have exceeded the proportion specified below of the smaller sum so determined as the total contribution; and any reduction so made should be proportionate to such excess.

Name of Province.	Contribution for 1923–24 (in lakhs of Rupees).	Normal Proportion of future contributions to reduced total.
Madras	348	17/90
Bombay	56	13/90
Bengal	*Nil.**	19/90
United Provinces	240	18/90
Punjab	175	9/90
Burma	64	6½/90
Bihar and Orissa	*Nil.*	—
Central Provinces.. ..	22	5/90
Assam	15	2½/90

* For temporary remission of Bengal contribution (Rs. 63 lakhs), *see* footnote on page 4.

Assignments.—The assignments made to central revenues by each Provincial Government, under Devolution Rule 15 (2), in consideration of the grant to them of a share in the income-tax collected within their respective jurisdictions, were prior to 1922–23 accounted for under this head. They have now (*see* page 23) been transferred to the head "Taxes on Income."

Miscellaneous Civil Receipts.

	Rs.
Accounts, 1921–22	6,82,05,859
Budget, 1922–23**	25,69,000
Revised Estimate, 1922–23 ...	27,14,000
Budget, 1923–24	11,35,000

The large decrease shown under this head in 1922–23 and 1923–24, as compared with 1921–22, is due to the withdrawal of the surtax on railway goods traffic, for which was substituted, as from 1st April, 1922, an increased scale of goods rates.

NET EXPENDITURE.

Debt Services.

	Accounts, 1921–22.	Budget, 1922–23.**	Revised Estimate, 1922–23.	Budget, 1923–24.
	Rs.	Rs.	Rs.	Rs.
Total payments for Interest on Debt ..	29,99,90,290	28,24,31,000	30,43,17,000	35,36,73,000
Deduct amounts chargeable to—				
Railways	*15,63,48,048*	*14,56,61,000*	*16,96,83,000*	*18,77,90,000*
Irrigation	*12,18,481*	*9,61,000*	*10,76,000*	*10,88,000*
Posts and Telegraphs	*56,81,015*	*66,00,000*	*62,05,000*	*68,28,000*
Provincial Governments	*2,58,41,800*	*2,99,73,000*	*3,10,54,000*	*4,00,15,000*
Total Deductions	*18,90,89,344*	*18,31,85,000*	*20,80,18,000*	*23,57,21,000*
Interest on Ordinary Debt	11,09,00,946	9,92,46,000	9,62,99,000	11,79,52,000
Interest on other Obligations†	2 60,97,497	3,23,63,000	3,15,91,000	3,21,61 000
Sinking Funds	2,29,71,571	2,04,00,000	2,29,00,000	2,20,44,000
Total	15,99,70,014	15,20,09,000	15,07,90,000	17,21,57,000
Interest Receipts on loans, &c., in India and England	*1,11,00,700*	*84,31,000*	*1,04,11,000*	*2,50,96,000*
Net Interest Payments or *Receipts* (other than those chargeable to Railways, Irrigation, Posts and Telegraphs, and Provincial Governments)	14,88,09,314	14,35,78,000	14,03,79,000	14,70,61,000

** See introductory note on "Exchange," p. 5.

† The nature of these "other obligations" is explained on p. 16.

The receipts include interest received in England on the balances of the Secretary of State and in India on loans granted by the Central Government to Native States and to Railway Companies. The amount "chargeable to Provincial Governments" includes interest on the outlay to the end of 1920–21 on irrigation works transferred under the Reforms Scheme to those Governments.

Military Services.

	Accounts, 1921–22.	Budget, 1922–23.*	Revised Estimate, 1922–23.	Budget, 1923–24.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Army	63,61,49,483	56,51,72,000	61,38,35,000	57,17,67,000
Marine	1,10,50,971	1,13,73,000	92,62,000	75,07,000
Military Works and Special Defence Works	5,09,04,054	4,52,55,000	4,77,81,000	4,07,26,000
Total	69,81,04,508	62,18,00,000	67,08,78,000	62,00,00,000

* *See* Introductory Note on "Exchange," p. 5.

The details of the Army Charges, which form the most important part of the charges grouped together in the table above, are as follows:—

	Accounts, 1921–22.	1922–23.		Budget, 1923–24.
		Budget.	Revised.	
	Rs.	*Rs.*	*Rs.*	*Rs.*
EXPENDITURE.†				
India—				
(A.) Standing Army.				
Effective Services.				
Maintenance of the Standing Army	31,54,57,826	32,53,12,840	30,59,03,000	31,30,55,530
Cost of Educational, etc., establishments and Working expenses of Hospitals, Depots, etc.	11,86,56,841	8,41,66,420	8,38,43,000	8,72,92,700
Army Headquarters, Staff of Commands, etc.	2,50,64,010	1,83,08,200	2,03,81,000	2,02,82,720
Stock Account	—7,32,55,962	32,25,920	—2,73,94,000	—3,11,41,500
Special Services	8,40,35,980	1,98,64,190	5,01,06,000	1,42,11,580
Miscellaneous Charges	1,09,57,648	2,99,21,930	2,44,73,000	1,85,64,970
Unadjusted Expenditure	—	—	—	—
Total, *Effective Services*	48,09,16,343	48,07,99,500	45,73,12,000	42,22,66,000
Non-Effective Services	3,65,55,901	5,53,69,500	5,89,32,000	5,48,27,000
Exchange on Home Expenditure†	5,96,05,751	—	—	—
(B.) Auxiliary and Territorial Forces	69,40,941	1,18,86,000	1,06,46,000	1,07,54,000
(C.) Royal Air Force	71,28,591	1,11,30,000	1,25,84,000	1,34,54,000
Total Expenditure, India	59,11,47,527	55,91,85,000	53,94,74,000	50,13,01,000
	£	£	£	£
England—				
(A.) Standing Army.				
Effective Services.				
Maintenance of the Standing Army	4,051,609	4,287,700	3,247,200	2,937,500
Cost of Educational, etc., establishments and working expenses of Hospitals, Depots, etc.	669,788	752,400	820,700	191,700
Army Headquarters, Staff of Commands, etc.	2,508	—	53,000	51,000
Stock Account	2,011,176	1,441,100	1,493,400	1,441,300
Special Services	241,184	—	1,050,400	415,000
Miscellaneous Charges	930,082	1,038,700	652,900	633,500
Total, *Effective Services*	7,906,347	7,519,900	7,317,600	5,670,000
Non-Effective Services	3,336,836	3,752,700	3,453,000	3,563,000

† Exchange on Home charges and receipts (*i.e.*, difference between sterling figures converted at £1 = Rs. 15 and £1 = Rs. 10) has been added throughout to the Indian figures, including the Budget figures for 1922–23, which for comparative purposes have been recalculated on this basis for the purpose of the above table. With the exception of the 1921–22 Accounts, the additions in respect of exchange have been distributed to the various subheads

	Accounts, 1921-22.	1922-23. Budget.	1922-23. Revised.	Budget, 1923-24.
EXPENDITURE.—(*cont.*)				
(C.) Royal Air Force	£ 346,183	£ 297,000	£ 933,100	£ 486,500
Total Expenditure, England ..	11,589,366	11,569,600	11,703,700	9,719,500
Equivalent at Rs.10 = £1 ..	Rs. 11,58,93,660	Rs. 11,56,96,000	Rs. 11,70,37,000	Rs. 9,71,95,000
Total Expenditure in India and in England..	70,70,41,187	67,48,81,000	65,65,11,000	59,84,96,000
RECEIPTS.*				
India	Rs. 4,91,87,122	Rs. 4,71,71,000	Rs. 3,41,81,000	Rs. 2,27,51,000
England	£ 2,323,538	£ 938,000	£ 849,500	£ 397,800
Do., equivalent at Rs. 10 = £1 ..	Rs. 2,32,35,380	Rs. 93,80,000	Rs. 84,95,000	Rs. 39,78,000
Total Receipts	7,24,22,502	5,65,51,000	4,26,76,000	2,67,29,000
NET EXPENDITURE.*	Rs.	Rs.	Rs.	Rs.
India	54,19,60,405	51,20,14,000	50,52,93,000	47,85,50,000
England	9,26,58,280	10,63,16,000	10,85,42,000	9,32,17,000
Total	63,46,18,685	61,83,30,000	61,38,35,000	57,17,67,000

* Exchange on Home charges and receipts (*i.e.*, difference between sterling figures converted at £1 = Rs. 15 and £1 = Rs. 10) has been added throughout to the Indian figures, including the Budget figures for 1922-23, which for comparative purposes have been recalculated on this basis for the purpose of the above table. With the exception of the 1921-22 Accounts, the additions in respect of exchange have been distributed to the various subheads.

Total Net Army Charges, in India and in England.

	Rs.†
Accounts, 1921-22	63,61,49,483
Budget, 1922-23	‡61,83,30,000
Revised Estimate, 1922-23 ...	61,38,35,000
Budget, 1923-24	57,17,67,000

In the Revised Estimate for 1922-23, as compared with the Budget provision for that year, increases on account of abnormal expenditure in Waziristan, maintenance and retirement of surplus personnel, and higher non-effective charges, were rather more than counterbalanced by savings due mainly to continued shortage in establishments, lower hospital charges, fall in prices of food-stuffs, etc., larger consumption of surplus stocks, and larger receipts from the sale of stores.

The Budget for 1923-24 includes provision of Rs. 100½ lakhs for special expenditure in Waziristan and (under Expenditure in England) £415,000 for the retirement of surplus officers of the Indian Army.

The net expenditure on Military services provided for in the Budget of 1923-24 is less than the Revised Estimate for 1922-23 by Rs. 5,08·78 lakhs (*see also* page 9).

† These figures include an adjustment for exchange (*see* notes above and on preceding page).
‡ Differs from figure of Rs. 56,51,72,000 shown in tables on pp. 8 and 28, which do not include adjustment for exchange.

APPENDIX II. (*a*).

HOME CHARGES.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1921-22.	Revised Estimate, 1922-23.	Budget Estimate, 1923-24.
	£	£	£
Direct demands on the Revenues :—			
Stores for India	11,442	206,250	274,500
Leave Allowances and Miscellaneous	75,077	85,000	69,800
Railway Revenue Account :—			
Interest	6,368,913	6,390,900	6,488,400
Sinking Funds	287,441	307,400	327,300
Annuities	3,357,293	3,357,500	3,357,500
Government share of Surplus Profits	*—142,537*	*121,600*	*—99,000*
Leave Allowances and Miscellaneous	167,679	162,300	158,100
Irrigation Revenue Account :—			
Interest on Debt	—	—	—
Leave Allowances	2,484	3,300	4,550
Posts and Telegraphs :—			
Indian Postal and Telegraph Department : Stores for India	986,557	410,000	250,000
" " " Leave Allowances and Miscellaneous	18,131	32,500	27,700
Indo-European Telegraph Department	*—120,950*	*—127,100*	*—103,800*
Debt Services :—			
Interest on Ordinary Debt (less interest realised from investment of Cash Balance).	1,558,020	2,759,100	4,227,900
Interest, Discount, etc., on Gold Standar Reserve credited to Revenue	—	—	*—1,058,300*
Liability assumed in respect of British 5 per cent. War Loan, 1929-47 : Interest	1,035,268	1,010,000	985,100
Liability assumed in respect of British 5 per cent. War Loan, 1929-47 : Sinking Fund	500,000	500,000	442,900
Commission and Underwriting on Issue of India Stock during the year	149,641	485,000	225,000
Bank of England and Bank of Ireland for Management of Debt	82,538	105,500	133,000
Civil Administration :—			
Home Administration :—			
India Office : Salaries and Contingencies	312,155	283,200	226,200
High Commissioner's Office, Salaries and Contingencies	175,855	183,300	142,850
Audit Office : Salaries	15,897	16,400	12,900
Contribution by His Majesty's Treasury in respect of the Administrative Expenses of India Office.	*—200,000*	*—113,500*	*153,600*
Payments on account of Departments in India :—			
Stores for India	22,594	65,600	30,850
Leave Allowances and Miscellaneous	272,583	240,245	433,150
Currency Mint and Exchange :—			
Interest on Paper Currency Reserve Investments	*—406,964*	*—145,700*	*—33,000*
Stores for India	414,830	406,100	426,700
Leave Allowances and Miscellaneous	5,787	9,900	11,100
Civil Works :—			
Stores for India	14,912	2,300	2,150
Leave Allowances and Miscellaneous	4,239	10,600	7,400
Miscellaneous :—			
Profit on Sale of Wheat	*—576,611*	*—2,300*	—
Territorial and Political Pensions	11,553	11,600	11,600
Civil Superannuation Allowances and Pensions (including Home Establishment Pensions).	2,038,829	2,160,300	2,005,400
Contribution to the Secretariat of the League of Nations	54,916	52,000	70,000
Other Miscellaneous Charges	118,837	63,105	18,400
Stationery and Printing :—			
Stores for India	136,799	130,000	178,700
Expenditure at the India Office and the High Commissioner's Office, Leave Allowances, etc.	19,602	24,850	19,500
Military Services (Army, Marine and Air Force)			
Home Charges of British Forces serving in India (less receipt from the War Office on account of Aden)	1,968,017	1,702,000	1,728,000
Refund by the War Office on account of Savings, due to the War, under minor heads of Military Expenditure in England,	*—19,300*	—	—

Net Expenditure.	Accounts, 1921–22.	Revised Estimate, 1922–23.	Budget Estimate, 1923–24.
Military Services (Army, Marine and Air Force) *continued*—	£	£	£
Sea Transport Charges (less receipt of £130,000 from the War Office).	650,430	646,400	547,000
Unemployment Insurance	115,400	138,000	86,000
Contribution to the expenses of His Majesty's Ships in Indian Seas.	100,000	100,000	100,000
Furlough Pay	917,598	898,700	726,700
Stores	3,301,598	2,808,400	1,791,500
Marriage Allowances and Allotments	971,877	612,500	596,000
Gratuities to Surplus Officers of Indian Army	—	250,000	415,000
Lump Sum Composition on account of War Liabilities	*610,000*	*290,000*	—
Indian share of cost of disbandment of British Units	—	800,000	—
Other Effective Charges	252,950	282,700	146,700
Retired Pay of British Forces for Service in India	1,055,000	1,068,000	1,080,000
Retired Pay: Indian Services	663,658	1,881,100	2,006,000
Family and Miscellaneous Pensions	373,721	390,300	398,300
Total	26,513,759	30,252,150	28,742,250
Expenditure by Secretary of State	19,605,486	23,875,700	23,452,100
" " High Commissioner	6,908,273	6,376,450	5,290,150
Total	26,513,759	30,252,150	28,742,250

Expenditure in England not charged on the Revenue of the year:—

Expenditure.	Accounts, 1921-22.	Revised Estimate, 1922–23.	Budget Estimate, 1923–24.
	£	£	£
Capital outlay on State Railways	13,564,663	10,448,000	19,000,000
" " Irrigation Works	—	100	—
New Capital at Delhi	159,777	185,700	85,800
Total	13,724,440	10,633,800	19,085,800
Expenditure by Secretary of State	10,632,010	7,934,300	15,351,200
" " High Commissioner	3,092,430	2,699,500	3,734,600
Total	13,724,440	10,633,800	19,085,800

APPENDIX II. (*b*).

RAILWAYS.

(*i*). *Route Mileage and Traffic (including railways outside Government accounts).*

Length of railways open in India on 31st March, 1921		37,029 miles.
Additional mileage opened in 1921–22:—		
State Lines worked by the State	148·37 miles	
Branch Line Companies' Railways under guarantee terms, worked by Branch Line Company	26·68 "	
Branch Line Companies' Railways under rebate terms, worked by the main line	31·53 "	
Indian State Lines worked by Indian States	34·46 "	
Indian State Lines worked by the main line	6·83 "	
Total addition		247·87 miles.
Length of railways open in India on 31st March, 1922, after allowing for corrections due to realignments, etc.		37,265 miles.

	1920–21.	1921–22.
Total number of passengers carried (including cross traffic)	572,904,300	577,023,000
Total weight of goods carried (including cross traffic) ... tons	95,507,000	93,603,000

(ii). *Capital at Charge and Net Revenue Receipts.*

Class and Name of Railway.	Capital at Charge on 31st March, 1922.	Net Revenue Receipts, 1921–22.	Percentage of Net Revenue Receipts on Capital at Charge.
State Railways worked by the State :—	*Rs.*	*Rs.*	
Aden Railway	12,15,896	*—73,486*	*—6·04*
Delhi New Capital Railway Works Scheme	15,41,149	—	—
Eastern Bengal	40,18,16,612	66,46,852	1·65
North-Western :—			
Commercial —			
Main Line	76,73,14,828	1,01,46,628	1·32
Laki Pezu Tank	35,28,632	—	—
Kaur Khirgi	14,40,883	—	—
Tank Murtaza	19,30,972	—	—
Military :—			
Main Line	19,84,46,935	*—81,83,932*	*—4·12*
Nushki Extension	3,09,16,544	—	—
Frontier Railway Reserve	46,80,969	—	—
Khyber	72,12,294	—	—
Oudh and Rohilkhand	24,56,48,472	73,16,285	2·98
State Railways worked by Companies or by Indian States :			
Assam-Bengal	17,93,79,949	76,609	·04
Bengal-Nagpur	53,38,36,275	1,34,73,242	2·52
Bezwada Extension	13,41,600	1,67,454	12·48
Bombay, Baroda and Central India	51,30,15,128	2,26,02,992	4·39
Dholka-Dhanduka	10,99,976	—	—
Burma Railways (including Extension)	22,64,67,092	1,04,46,985	4·61
East Indian	78,72,84,665	4,81,47,565	6·12
Great Indian Peninsula	76,60,72,447	80,99,154	1·05
Agra-Delhi Chord	1,51,14,123	4,02,598	2·66
Baran-Kotah	49,59,801	60,314	1·21
Bhopal State	44,84,439	1,03,214	2·30
Cawnpore-Banda	81,76,425	15,993	·19
Jodhpur-Hyderabad	46,58,876	4,00,968	8·60
Lucknow-Bareilly (Rohilkhand and Kumaon)	1,39,94,918	17,45,238	12·47
Madras and Southern Mahratta	41,35,63,973	1,95,95,993	4·73
Dhone-Curnool	10,18,342	45,743	4·49
South Indian	18,07,72,395	1,20,25,263	6·65
Coonoor Gotacamund	49,23,750	—	—
Tinnevelly-Quilon (British Section)	43,72,749	5,35,517	3·04
Tinnevelly-Quilon (Indian State Section)	1,32,42,268		
Tinnevelly-Tiruchandur	—	—	—
Tirhoot (Bengal and North-Western)	8,33,66,908	64,52,185	7·74
	542,88,49,285	16,02,49,374*	2·95
Stores, abandoned projects, etc.	1,42,01,048		
Total	5,44,30,50,333	16,02,49,374*	2·94

* Differs from figure of "Working Profit" shown in table on page 14, which takes into account "Miscellaneous Receipts" and "Payments on account of Surplus Profits."

APPENDIX II. (*c*).

SEA-BORNE TRADE.

(*i*). *Summary of Sea-borne Trade.*

—	1920-21.	1921-22.	1922-23.
On Private Account.			
	Rs.	*Rs.*	*Rs.*
Exports of Merchandise	258,05,57,489	245,44,35,012	314,00,98,570
Imports of Merchandise	*335,59,88,412*	*266,34,63,422*	*232,59,04,935*
Net Exports *or Imports* of Merchandise	*77,54,30,923*	*20,90,28,410*	81,41,93,635
Net Imports or Exports *of Gold*	8,88,09,751	2,79,23,299	*41,08,97,088*
Net Imports or Exports *of Silver*	*6,49,59,624*	*14,94,88,219*	*18,02,50,217*
Net Imports or Exports *of Currency Notes*	*	*	*90,54,670*
Net Imports or Exports *of Treasure*	2,38,50,127	*12,15,64,920*	*60,02,01,975*
Net Exports *or Imports* of Merchandise and Treasure on Private Account.	*75,15,80,796*	*33,05,93,330*	21,39,91,660
Government Transactions.			
Imports of Merchandise	*11,53,63,710*	*14,07,76,099*	*11,71,45,746*
Exports of Merchandise	9,58,78,686	3,21,51,194	1,74,64,717
Net Imports of Merchandise	*1,94,85,024*	*10,86,24,905*	*9,96,81,029*
Net Imports or Exports *of Gold*	*10,98,92,162*	7,21,128	*1,02,772*
Net Imports or Exports *of Silver*	1,19,713	*14,73,590*	*17,80,361*
Net Imports or Exports *of Currency Notes*	*	*	*11,14,379*
Net Imports of Treasure	*10,97,72,449*	*7,52,462*	*29,97,512*

* Currency notes not recorded prior to 1922-23.

(*ii*). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately.*

—	1920-21.	1921-22.	1922-23
A. *On Private Account.*			
	Rs.	*Rs.*	*Rs.*
I. Food, Drink and Tobacco :—			
A. Fish (excluding canned fish)	20,59,532	18,77,064	24,29,949
B. Fruits and Vegetables	1,67,82,394	1,68,00,317	1,83,57,258
C. Grain, Pulse and Flour	5,06,208	9,35,58,903	54,32,031
D. Liquors	4,21,17,387	3,37,20,051	3,00,93,579
E. Provisions and Oilman's Stores	3,60,96,100	2,70,36,255	2,77,30,379
F. Spices	1,91,07,887	1,92,59,480	2,44,54,233
G. Sugar	18,50,29,754	27,50,28,258	15,48,89,968
H. Tea	40,20,818	55,39,983	45,52,265
I. Other Food and Drink	2,44,02,651	1,69,67,853	1,93,87,376
J. Tobacco	2,95,91,226	1,65,05,763	2,25,67,007
Total, Class I.	35,97,13,957	50,62,93,927	30,98,94,045
II. Raw Materials and Produce and articles mainly unmanufactured :—			
A. Coal	29,17,974	5,78,01,678	3,08,92,733
B. Other Non-metallic mining and quarry products and the like	1,17,18,793	1,15,19,040	2,62,69,383
C. Fodder, Bran and Pollards	1,80,535	80,256	96,798
D. Gums, Resins and Lac	47,60,950	41,00,398	57,95,251
E. Hides and Skins, raw or undressed	10,45,863	9,81,734	9,77,183
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	17,55,274	8,67,489	1,25,458
G. Oils—Vegetable, Mineral and Animal	8,76,40,493	7,56,14,065	6,89,15,530
H. Oilcakes of all kinds	1,40,587	18,878	10,446
I. Paper making materials	49,91,000	43,67,918	24,25,837
J. Rubber, raw or crude	3,364	3,037	421
K. Seeds, including nuts for oils	51,49,646	76,73,386	4,54,157
L. Tallow, Stearine and Wax	48,98,960	21,25,857	27,21,058
M. Cotton, raw and waste	1,69,55,047	3,44,30,736	1,73,41,612
N. Jute, raw	2,820	2,886	6,200
O. Silk, raw and waste	1,66,50,642	1,35,22,974	1,60,32,645
P. Wool, raw	6,50,160	9,11,710	15,04,629
Q. Other Textile Materials	9,17,015	8,68,625	5,65,291
R. Wood and Timber	1,07,57,725	86,33,292	49,18,264
S. Miscellaneous	52,73,546	58,82,787	58,06,491
Total, Class II.	17,64,10,394	22,34,06,746	18,46,59,387

(ii). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately*—continued.

——	1920-21.	1921-22.	1922-23.
A. *On Private Account (continued).*			
III. Articles wholly or mainly manufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Apparel	4,32,11,735	1,28,03,926	1,27,14,290
B. Arms, Ammunition and Military Stores	63,95,627	70,10,666	62,82,839
C. Chemicals, Drugs and Medicines	5,16,46,730	3,74,56,614	3,92,02,725
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	11,97,34,333	7,87,17,505	6,73,48,356
E. Dyes and Colours	5,72,41,890	4,49,09,858	4,23,20,363
F. Electrical Goods and Apparatus (other than Machinery)	4,18,38,639	4,06,34,401	2,14,10,867
G. Furniture, Cabinetware and Manufactures of Wood and Timber	95,65,258	54,28,966	25,85,855
H. Glassware and Earthenware	4,27,67,209	3,00,29,705	3,37,82,077
I. Hides and Skins, tanned or dressed, and Leather.	1,28,62,099	66,42,567	52,39,343
J. Machinery of all kinds, including Belting for Machinery.	24,08,55,793	35,49,21,092	24,42,83,282
K. Metals, Iron and Steel, and Manufactures thereof.	31,23,21,086	21,05,99,511	18,36,12,356
L. Metals, other than Iron and Steel, and Manufactures thereof.	9,34,55,453	5,05,14,863	6,91,87,914
M. Paper, Pasteboard and Stationery	9,12,48,822	3,25,48,789	3,70,41,196
N. Railway Plant and Rolling Stock	14,13,04,961	18,91,06,135	11,05,80,847
O. Rubber Manufactures	2,52,02,338	1,54,35,372	1,80,19,646
P. Vehicles (excluding Locomotives, etc., for Railway)	14,30,28,605	4,41,53,282	3,42,56,501
Q. Cotton Yarns and Manufactures	1,02,12,00,290	56,93,80,548	70,13,02,032
R. Jute „ „	26,28,784	19,84,191	16,79,300
S. Silk „ „	5,59,33,100	2,98,70,549	3,16,54,472
T. Woollen „ „	5,53,00,370	1,22,66,854	1,51,56,436
U. Other Yarns and Textile Fabrics	4,81,75,477	1,07,79,630	1,60,62,820
V. Miscellaneous	12,86,80,541	10,54,26,063	10,03,17,028
Total, Class III.	2,74,45,99,140	1,89,06,41,107	179,40,40,545
IV. Living Animals.—			
A. Horses	37,81,852	19,98,060	24,53,585
B. Other Living Animals	1,33,040	1,43,109	1,29,048
Total Class IV.	39,14,892	21,41,169	25,82,633
V. Postal Articles not specified	7,13,50,029	4,09,80,473	3,47,28,325
Total value of Imports of Merchandise on Private Account	3,35,59,88,412	2,66,34,63,422	2,32,59,04,935
B. *Government Stores*	11,53,63,710	14,07,76,099	11,71,45,746
Grand Total, Imports of Merchandise	347,13,52,122	280,42,39,521	244,30,50,681

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise showing the principal articles separately.*

——	1920-21.	1921-22.	1922-23.
A. *On Private Account.*			
I. Food, Drink and Tobacco :—	*Rs.*	*Rs.*	*Rs.*
A. Fish (excluding Canned Fish)	56,02,338	60,35,208	54,25,327
B. Fruits and Vegetables	60,33,660	63,23,260	63,11,819
C. Grain, Pulse and Flour	25,64,94,019	29,98,97,517	42,47,63,223
D. Liquors	27,527	18,569	49,418
E. Provisions and Oilman's Stores	74,17,680	70,66,738	60,91,640
F. Spices	83,31,710	1,00,35,539	1,09,79,949
G. Sugar	95,47,993	24,86,690	10,48,839
H. Tea	12,14,97,645	18,22,01,913	21,89,07,526
I. Other Food and Drink	1,42,99,173	1,39,24,522	1,24,74,230
J. Tobacco	74,92,272	71,30,790	82,67,812
Total, Class I.	43,67,44,017	58,51,20,746	69,42,19,783

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

——	1920-21.	1921-22.	1922-23.
A. *On Private Account.*	*Rs.*	*Rs.*	*Rs.*
II. Raw materials and produce and articles mainly unmanufactured :—			
A. Coal	1,49,38,810	15,32,320	14,52,131
B. Other Non-Metallic mining and quarry products and the like	1,09,10,193	64,91,082	62,35,975
C. Fodder, Bran and Pollards	1,14,17,925	1,14,59,913	1,26,25,569
D. Gums, Resins and Lac	7,68,37,384	7,93,67,860	10,37,27,584
E. Hides and Skins, raw or undressed	5,24,84,457	5,98,13,988	5,70,60,201
F. Metallic Ores and Scrap Iron or Steel for remanufacture	2,46,59,364	1,70,24,468	2,26,10,442
G. Oils—Vegetable, Mineral and Animal	3,48,66,685	2,84,34,462	3,19,81,409
H. Oilcakes of all kinds	1,16,63,362	1,36,56,732	1,72,24,999
I. Paper-making Materials	23,247	2,556	1,251
J. Rubber, raw or crude	1,55,13,822	77,16,072	72,50,093
K. Seeds, including nuts for oils	16,83,47,923	17,40,69,414	27,35,39,162
L. Tallow, Stearine and Wax	10,81,296	9,13,304	8,75,505
M. Cotton, raw and waste	42,19,34,292	54,49,07,520	72,07,18,919
N. Jute „ „	16,36,08,642	14,04,91,597	22,52,86,095
O. Silk „ „	33,39,786	26,28,546	38,17,258
P. Wool „ „	2,25,71,797	2,54,46,095	4,41,43,267
Q. Other Textile Materials	86,68,394	39,48,896	61,08,264
R. Wood and Timber	1,23,64,706	58,61,969	94,02,714
S. Miscellaneous	2,05,41,605	1,76,53,799	2,10,61,899
Total, Class II.	1,07,57,73,690	1,14,14,20,593	1,56,51,22,737
III. Articles wholly or mainly manufactured :—			
A. Apparel	30,33,472	31,25,343	37,52,933
B. Arms, Ammunition and Military Stores	786	191	3,532
C. Chemicals, Drugs and Medicines	3,78,57,067	2,85,82,113	3,07,51,884
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	10,08,899	9,46,588	9,28,322
E. Dyes and Colours	1,10,85,653	1,33,19,774	1,20,69,826
F. Electrical Goods and Apparatus (other than Machinery)	—	—	—
G. Furniture, Cabinetware, and manufactures of wood and timber	9,42,640	11,87,876	8,84,723
H. Glass and Earthenware	2,19,978	2,37,435	3,95,853
I. Hides and Skins, tanned or dressed, and Leather	3,29,53,345	4,03,36,813	5,16,07,178
J. Machinery of all kinds, including belting for machinery	35,272	50,991	47,038
K. Metals, Iron and Steel, and manufactures thereof	59,43,793	56,58,533	93,95,890
L. Metals, other than Iron and Steel, and manufactures thereof	1,19,02,308	1,28,56,878	1,63,62,350
M. Paper, Pasteboard and Stationery	1,87,739	2,58,816	1,03,188
N. Railway Plant and Rolling Stock	11,34,426	6,67,793	2,34,541
O. Rubber manufactures	44,441	4,435	9,331
P. Vehicles (excluding locomotives, etc., for Railways)	27,491	35,575	73,015
Q. Cotton, yarns and manufactures	18,27,13,282	15,65,07,166	13,06,21,869
R. Jute „ „ „	52,99,46,798	29,99,57,186	40,49,99,381
S. Silk „ „ „	5,16,995	2,96,069	2,42,956
T. Woollen „ „ „	84,42,248	71,31,650	98,41,387
U. Other yarns and textile fabrics	1,99,186	5,30,475	6,29,599
V. Miscellaneous articles, wholly or mainly manufactured	2,92,41,824	3,12,63,963	3,16,73,186
Total, Class III.	85,74,37,643	60,29,55,663	70,46,27,982
IV. Living Animals:—			
A. Horses	95,605	95,045	1,10,785
B. Cattle	20,44,677	16,74,382	8,28,912
C. Sheep and Goats	10,92,365	12,64,322	11,25,513
D. Other living animals	1,43,775	2,58,652	2,63,334
Total, Class IV.	33,76,422	32,92,401	23,28,544

(*iii*). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

—	1920-21.	1922-23.	1921-22.
V. Postal Articles	*Rs.* 2,67,90,851	*Rs.* 3,10,11,484	*Rs.* 2,21,68,697
Total Value of Exports of Merchandise on private account.	2,40,01,22,623	2,31,38,00,887	298,84,67,743
B. *Government Stores*, Exports	5,29,70,117	2,29,26,924	1,19,01,479
Total Exports of Indian Merchandise	2,45,30,92,740	233,67,27,811	300,03,69,222
C. *Re-exports*—On Private Account ..	18,04,34,866	14,06,34,125	15,16,30,827
Government Stores ..	4,29,08,569	92,24,270	55,63,238
Total re-exports	22,33,43,435	14,98,58,395	15,71,94,065
Grand Total, Exports of Merchandise	267,64,36,175	248,65,86,206	315,75,63,287

(*iv*). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin.*

Note.—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1920-21.	1921-22.	1922-23.
British Empire :—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	2,04,59,89,660	150,92,06,267	1,40,00,01,675
Aden and Dependencies	92,58,860	81,67,866	65,98,716
Mesopotamia	—	91,03,258	1,18,17,721
Ceylon	1,91,03,560	1,37,98,441	1,44,08,618
Straits Settlements (including Labuan)	4,81,43,060	4,07,78,235	4,47,61,473
Hong Kong	2,39,48,430	1,65,55,320	1,45,83,833
Egypt	1,54,24,910	72,16,357	60,58,633
Union of South Africa	16,36,770	1,45,27,842	88,45,124
Mauritius and Dependencies (including Seychelles)	90,24,950	2,17,66,606	1,02,45,221
Zanzibar and Pemba	43,94,340	58,84,189	77,51,451
Kenya Colony	94,13,990	1,75,45,840	1,13,15,254
Canada	1,32,95,360	50,94,615	62,62,367
Australia	1,20,46,340	9,43,94,275	97,21,136
New Zealand	10,540	1,40,378	13,377
Other British Possessions	41,24,530	94,43,003	94,74,056
Total—British Empire	2,21,58,15,300	177,36,22,492	1,56,18,58,655

(iv). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin*—continued.

NOTE—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1920-21.	1921-22.	1922-23.
Foreign Countries :—	*Rs.*	*Rs.*	*Rs.*
Russia	21,78,600	4,71,060	1,00,403
Sweden	1,88,80,450	95,99,871	1,12,26,065
Norway	1,70,19,790	38,15,031	81,75,871
Germany	4,74,79,190	7,24,55,413	11,89,37,473
Holland	3,03,16,000	2,36,13,387	2,22,17,501
Belgium	5,32,58,230	5,32,93,580	6,37,43,397
France	3,63,66,190	2,23,38,807	1,97,82,915
Spain	34,07,710	28,65,721	25,73,709
Switzerland	2,28,04,050	1,01,89,357	1,08,21,896
Italy	4,13,41,590	2,00,31,144	2,11,09,390
Austria	63,88,050	19,83,982	29,31,621
Hungary		30,035	9,673
Turkey, Asiatic	54,070	36,354	3,378
Arabia	55,27,300	62,98,868	75,41,125
Persia	1,34,45,710	1,65,62,937	1,64,73,426
Java	15,61,83,040	23,71,10,672	12,88,65,131
Borneo (Dutch)	1,41,89,410	64,18,796	59,18,514
Siam	60,70,650	58,07,741	33,95,023
China (exclusive of Hong Kong and Macao)	3,03,42,800	2,59,80,859	2,91,49,163
Japan	26,43,00,800	13,57,96,180	14,46,77,443
Portuguese East Africa	19,40,160	1,10,83,942	18,71,680
Italian East Africa	20,03,060	13,55,704	19,10,684
United States of America	35,29,79,080	21,60,84,782	13,21,47,607
Other Foreign Countries	86,18,480	66,16,707	1,04,63,194
Total—Foreign Countries	1,13,50,94,410	88,98,40,930	76,40,46,280
Grand Total	3,35,09,09,710	266,34,63,422	2,32,59,04,935

(v). *Sea-borne Trade—Analysis of* Exports *of Indian Merchandise on Private Account, showing separately the principal countries of destination.*

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1920-21.	1921-22.	1922-23.
British Empire :—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	52,60,25,570	46,02,24,591	65,26,55,720
Gibraltar	90,390	2,15,668	1,87,713
Aden and Dependencies	2,29,03,950	1,57,60,459	1,57,73,439
Mesopotamia	—	2,81,66,252	2,30,59,368
Ceylon	11,38,54,106	11,56,63,885	12,24,22,526
Straits Settlements (including Labuan)	8,71,11,610	7,43,83,359	7,50,11,615
Hong Kong	7,12,76,780	6,30,46,666	6,29,70,407
Egypt	3,24,95,480	2,04,06,552	5,14,58,491
Union of South Africa	1,77,20,360	1,92,33,109	2,34,40,520
Mauritius and Dependencies (including Seychelles)	1,83,76,390	2,05,06,620	2,34,71,361
Zanzibar and Pemba	47,21,610	53,16,166	67,97,147
Kenya Colony	97,26,340	66,65,711	88,58,084
Canada	1,33,70,309	1,47,01,076	2,13,93,256
British West India Islands	40,26,680	18,38,052	42,22,340
Australia and New Zealand	7,14,36,340	4,53,69,081	6,03,21,367
Other British Possessions	2,45,18,425	2,10,67,058	3,04,53,845
Total—British Empire	1,01,76,54,340	91,25,64,305	118,24,97,199

(v). *Sea-borne Trade—Analysis of Exports of Indian Merchandise on Private Account, showing separately the principal countries of destination*—continued.

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1920–21.	1921–22.	1922–23.
Foreign Countries :—	*Rs.*	*Rs.*	*Rs.*
Russia	1,880	35,417	—
Sweden	27,06,360	28,03,755	24,52,595
Norway	52,28,030	24,67,188	38,02,296
Germany	8,80,00,330	16,27,77,448	21,91,62,448
Holland	1,27,51,390	2,71,31,693	3,48,08,886
Belgium	12,65,10,180	8,00,31,690	11,27,76,693
France	8,13,02,610	9,82,69,723	15,34,06,258
Spain	2,75,75,570	1,81,05,183	3,14,25,011
Switzerland	25,53,370	93,750	30,13,561
Italy	6,67,40,260	5,83,78,488	10,00,85,223
Austria	85,02,280	83,54,841	1,25,56,057
Hungary		—	—
Turkey, European	14,72,510	20,19,576	13,76,072
,, Asiatic	4,37,59,230	18,76,022	5,53,069
Arabia	1,61,15,300	2,54,04,749	2,79,54,874
Persia	2,00,13,760	2,17,42,626	2,22,95,455
Sumatra	19,72,950	52,20,351	1,06,03,434
Borneo and Java	2,96,20,830	4,03,65,754	3,12,89,850
Siam	99,72,480	1,62,18,596	1,46,91,615
Indo-China	1,44,98,370	2,21,86,076	1,86,72,255
China (exclusive of Hong-Kong and Macao)	8,36,43,870	11,07,17,017	13,64,02,673
Japan	24,15,96,700	38,08,99,994	40,19,92,531
Portuguese East Africa	54,32,290	60,42,622	82,64,702
Italian East Africa	14,24,060	6,08,086	10,14,053
Other East African Ports	37,89,510	3,75,685	5,46,314
United States of America	34,74,15,839	24,90,50,415	34,33,06,745
West Indies	1,95,54,990	1,19,69,087	4,35,13,077
South America	8,48,89,040	3,42,30,481	4,62,24,033
Oceania	34,77,960	13,38,936	33,87,387
Other Foreign Countries	1,48,57,729	1,25,21,338	2,03,93,435
Total—Foreign Countries	1,36,58,79,678	1,40,12,36,582	1,80,59,70,544
Grand Total	2,38,30,34,018	2,31,38,00,887	2,98,84,67,743

Printed by H.M.S.O. Press, Harrow.

MEMORANDUM

BY THE

UNDER-SECRETARY OF STATE FOR INDIA

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA (Central Government) for 1922–23 and the ESTIMATES for 1923–24 and 1924–25.

I.—INTRODUCTORY.

Separation of Central and Provincial Finances.

The Government of India Act, 1919, was designed *inter alia* to secure a greater measure of independence for Provincial Governments, and to this end provision was made, in the Act and in Rules subsequently published under authority of the Act, for the delimitation of the functions of Government, as between the Government of India and the chief Provincial Governments, and for the definite assignment to each of these Provincial Governments of specific revenues of their own. Effect has been given to these measures of devolution in the nine "Governors' Provinces" viz.: Bengal, Madras, Bombay, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces, Assam and Burma, and in the Province of Coorg. As regards these provinces the functions of Government have been classified as either "central subjects" or "provincial subjects." A general authority to control all matters coming under the latter head, subject to certain expressed provisos, is devolved upon the Local Governments concerned.

The sources of revenue which have been given to Local Governments for the purpose of defraying their administrative charges consist, in the main, of the receipts accruing from provincial loans and from those provincial subjects which are revenue-producing, the principal heads being Land Revenue, Irrigation, Stamp Duties and Excise. In addition, a local Government is given a share in any expansion of Income Tax (otherwise a "central" source of revenue) due to an increase of the assessed incomes within the Province; the amount allocated is, in effect, three pies in the rupee on the amount by which the total of assessed incomes in any year exceeds the total thereof in the year 1920-21.

When the division of the sources of revenue was made between the Central and Provincial Governments, it was realized that the Central Government would be left insufficiently provided. It was therefore arranged that an annual contribution should be made by eight of the local Governments to the Central Government. The annual contributions fixed at the outset aggregated 983 lakhs of rupees. They were not, except in case of emergency and with the sanction of the Secretary of State, to be subject to increase, and should reduction of the aggregate be found possible, reductions were to be made in fixed proportions from the quotas of the several Provinces. The general policy which it is intended to pursue in

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the matter is a progressive reduction of provincial contributions with a view to their ultimate cessation.*

The revised financial arrangements outlined above came into force from the 1st April, 1921, as from which date all " provincial " revenue and expenditure ceased to be included in the estimates and accounts of the Central Government. In the case of Coorg the separation was made on 1st April, 1924. The annual volumes of the " Finance and Revenue Accounts of the Government of India," commencing with that for 1921–22, exhibit in separate tables the revenue and expenditure of the Provincial Governments as well as that of the Central Government. The Central Government and each Provincial Government issues annually a separate volume containing its own budget estimate for the forthcoming year and revised estimate for the closing year. This Memorandum, however, deals with the Accounts and Estimates of the Central Government only, except where otherwise stated.

Exchange Accounting.

The Government of India's acccounts are now kept in rupees. Since the 1st April, 1920, sterling transactions have, for the purpose of the Accounts and Estimates, been converted into rupees on a uniform basis of 2*s.* to the rupee, equivalent to Rs.10 to the £. The actual market value of the rupee, however, has varied considerably from that rate. As a result, the rupee figure shown for any item of English expenditure (as converted at Rs.10 to the £) does not correctly represent the actual charge incurred in making that expenditure. For instance, when a disbursement of £1,000 is made in England, the amount shown in rupees in the accounts as a disbursement in England will be Rs.10,000. But (at the rate of 1s. 4¾d. to the rupee assumed for the Budget Estimate of 1924–25) a disbursement of £1,000 represents a real charge of Rs.14,328. The balance of Rs.4,328 is treated as a disbursement on account of " exchange." The procedure by which this is effected is described in the following paragraph.

All exchange credits or debits arising in respect of remittances and cognate transactions, owing to the remittances, etc., having been effected at rates differing from the conventional " conversion rate," are recorded in the first instance under a suspense head. The exchange credits or debits arising from outlay incurred in England in respect of the various heads of the revenue and capital accounts are included in the respective accounts, being calculated monthly on the basis of the average telegraphic transfer rates (Calcutta on London); and those relating to Provincial Governments are charged against those Governments.

The suspense head of account referred to above is then reduced by the totals of these exchange adjustments arising from outlay in England; and it is considered with reference to the circumstances of each year whether the resulting balance should be written off to revenue or kept in suspense against the possibility of opposite results in succeeding years. It was estimated that at the end of 1923–24 a net credit balance of Rs.8,79 lakhs would be held in suspense on this account.

* As a special measure, the annual contribution of Rs. 63 lakhs made by the Province of Bengal has been remitted for three years with effect from 1922–23.
(*See* also page 27).

Rates of Exchange for the three years under review.—The average of the daily rates (telegraphic transfer, Calcutta on London) for 1922–23 was Rs.15·2246 to the £. The respective rates assumed for the purpose of compiling the Estimates have been :—

For the Budget Estimate of 1923–24, Rs.15·0 to the £ (1*s.* 4*d.* to the rupee).

For the Revised Estimate of 1923–24, Rs.14·5454 to the £ (1*s.* 4½*d.* to the rupee).

For the Budget Estimate of 1924–25, Rs.14·3284 to the £ (1*s.* 4¾*d.* to the rupee).

II.—REVENUE, AND EXPENDITURE CHARGED TO REVENUE.

Gross Revenue and Expenditure.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follows :—

Gross Revenue and Expenditure.	Accounts, 1922–23.	Revised Estimate, 1923–24.	Budget, 1924–25.
	Rs.	Rs.	Rs.
Revenue	1 21,41,29,156	1,31,96,04,000	1,30,09,37,000
Expenditure	1,36,43,05,548	1,29,89,97,000	1,29,90,90,000
Surplus or *Deficit* ..	*15,01,76,392*	2,06,07,000	18,47,000

In these figures all receipts are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure.

The figures of Gross Revenue just given include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges, the total receipts from the sale of opium, and the receipts of certain spending departments; while the figures of Gross Expenditure include the interest charges of commercial undertakings, and the cost of cultivation and manufacture of opium. This method of compilation may cause the revenue available for administrative purposes and the expenditure on such purposes to appear greater than they really are. A statement of the net revenue and expenditure of the Central Government for the three years under review is therefore given in the table below, which shows the *net* revenue derived from commercial undertakings, after deducting all expenditure including interest charges, and *net* figures under other heads of revenue and expenditure obtained by deducting (1) the cost of cultivation and manufacture of opium from sale receipts, and (2) the receipts of the spending departments from the gross expenditure incurred by them. The cost of the establishments maintained for the collection of revenue is not shown as a deduction from revenue, but as a separate head of expenditure.

Net Revenue.

———	Accounts, 1922–23.		Budget Estimate, 1923–24.		Revised Estimate, 1923–24.		Budget Estimate, 1924–25.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Principal Heads of Revenue :—*								
1. Customs ..	41,34,65,362		45,09,41,000		40,41,53,000		45,01,82,000	
2. Taxes on Income ..	17,99,41,150		19,04,64,000		19,07,45,000		18,21,97,000	
3. Salt	6,82,46,112		11,75,00,000		8,70,27,000		9,04,62,000	
4. Opium ..	1,92,31,425		2,04,81,000		1,72,21,000		2,24,52,000	
5. Other Heads..	2,34,00,268		2,44,97,000		2,34,27,000		2,22,32,000	
		70,42,84,317		80,38,83,000		72,25,73,000		76,75,25,000
II. *Commercial Undertakings :—*								
1. Railways ..	1,21,99,229		3,85,26,000		6,28,00,000		4,58,14,000	
2. Irrigation ..	*—2,84,639*		*—3,37,000*		*—5,31,000*		*—10,38,000*	
3. Posts and Telegraphs ..	45,30,912		1,54,97,000		72,32,000		1,18,41,000	
		1,64,45,502		5,36,86,000		6,95,01,000		5,66,17,000
III. *Currency, Mint and Exchange :—*								
1. Currency ..	2,47,94,514		1,69,46,000		2,04,05,000		2,85,93,000	
2. Mint	10,98,886		*— 13,31,000*		*—1,69,000*		62,000	
		2,58,93,400		1,56,15,000		2,02,36,000		2,86,55,000
IV. *Provincial Contributions and Adjustments*		9,22,93,608		9,17,74,000		9,04,50,000		8,99,46,000
V. *Miscellaneous Civil Receipts* ..		16,76,985		11,35,000		2,84,36,000		34,10,000
Total Net Revenue ..		84,05,93,812		96,60,93,000		93,11,96,000		94,61,53,000

Net Expenditure

	Accounts, 1922–23.		Budget Estimate, 1923–24.		Revised Estimate, 1923–24.		Budget Estimate, 1924–25.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Debt Services* ..		15,00,18,844		14,70,61,000		13,50,63,000		15,15,26,000
II. *Military Services* :—								
1. Army ..	59,86,87,257		57,17,67,000		55,31,21,000		55,48,72,000	
2. Marine ..	1,07,26,080		75,07,000		68,66,000		76,76,000	
3. Military Works	4,32,66,753		4,07,26,000		3,74,32,000		3,99,52,000	
		65,26,80,090		62,00,00,000		59,74,19,000		60,25,00,000
III. *Collection of Revenue*		3,35,44,337		3,48,91,000		3,02,49,000		3,45,04,000
IV. *Civil Administration*		9,49,97,512		9,16,21,000		8,89,61,000		9,08,27,000
V. *Miscellaneous Civil Charges* ..		4,74,86,448		4,78,40,000		4,41,05,000		4,55,35,000
VI. *Civil Works* ..		1,20,42,973		1,65,94,000		1,47,92,000		1,94,14,000
Total Net Expenditure charged against Revenue		99,07,70,204		95,80,07,000		91,05,89,000		94,43,06,000
Surplus(+) or *Deficit*(−)		*−15,01,76,392*		+80,86,000		+2,06,07,000		+18,47,000

Accounts, 1922–23.

It will be seen from the table that the final accounts for 1922–23 show a deficit of Rs.15,01,76,392.

Revised Estimate, 1923–24.

The Revised Estimate of 1923–24 shows a surplus of Rs.2,06,07,000 as compared with a surplus of Rs.80,86,000 in the Budget Estimate. The Revised Estimate would ordinarily have shown a deficit of Rs.37½ lakhs, but this has been converted into a surplus of over Rs.2 crores, owing to the fact that a sum of £3¼ millions, representing profits from the control of enemy ships, which has been lying at credit of a suspense head, became available for credit of revenue. The amount credited to revenue in 1923–24 under this heading was nearly Rs.244 lakhs, and as regards the remainder, Rs.25 lakhs has been included in the 1924–25 Budget to meet *ex gratia* compensation to individuals who have suffered from enemy action during the war, and Rs.2 crores has been reserved for refund to railway companies of customs duty on stores if the appeal against a decision of the Bombay High Court should be unfavourable.

The increases and decreases as compared with the Budget Estimate were, in detail, as follows :—

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Miscellaneous Civil Receipts	2,73,01,000	Customs	4,67,88,000
Railways	2,42,74,000	Salt	3,04,73,000
Currency	34,59,000	Posts and Telegraphs	82,65,000
Mint	11,62,000	Opium	32,60,000
Taxes on Income ..	2,81,000	Other Heads ..	25,88,000
Total	5,64,77,000	Total ..	9,13,74,000

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
		Army	1,86,46,000
		Debt Services ..	1,19,98,000
		Collection of Revenue	46,42,000
Nil.		Miscellaneous Civil Charges ..	37,35,000
		Military Works ..	32,94,000
		Civil Administration	26,60,000
		Civil Works	18,02,000
		Marine	6,41,000
Total	Nil	Total ..	4,74,18,000

Notes on the Heads under which the principal variations occur will be found in Appendix I.

Budget, 1924–25.

In framing the Budget for 1924–25 the Government of India estimated that, on the basis of existing taxation and the continuance of the crediting to revenue of the interest on the securities in the Paper Currency Reserve and in the Gold Standard Reserve there would be a surplus of Rs.336 lakhs. It was stated in the Legislature that, if the Salt Tax, which stood at Rs.2½ per maund, and had been doubled in the previous year in order to balance the Budget, were reduced to its previous figure of Rs.1¼ per maund, the estimated surplus would become a nominal one of about 4 lakhs, and an estimated further deficiency of Rs.216 lakhs would ensue in the following year. If the Salt Tax were reduced to Rs.2 per maund, it was estimated that there would be a surplus of Rs. 154 lakhs in 1924–25. The Government of India left the final choice to the Legislature, but recommended that the Salt Tax should be reduced to Rs.2 per maund and that Rs.150 lakhs of the remaining surplus should be devoted to the reduction of the provincial contributions. The provinces thus benefiting under the Devolution Rules would be Madras, Rs.80 lakhs; the Punjab, Rs.38 lakhs; the United Provinces, Rs.30 lakhs, and Burma Rs.2 lakhs approximately.

No new taxation was proposed, and in addition to the reduction of the Salt Tax, the Government of India proposed to reduce the duties on motor spirit from 6 annas a gallon on motor spirit produced in India and 8½ annas on imported motor spirit to 4½ annas a gallon for both kinds. A specific duty on certain imported materials used in the match industry was proposed in order to safeguard the customs revenue.

The Legislative Assembly refused Rs.4,72,02,100 of the Demands for Grants, including the whole of the demands under the heads Customs, Taxes on Income, Salt and Opium, which amounted to Rs.4,47,02,000. This latter amount was restored by the Governor-General in Council as essential to the discharge of his responsibilities.

The Finance Bill as introduced into the Legislative Assembly provided *inter alia* for the reduction of the Salt Duty from Rs.2½ to Rs.2 per maund. Owing to the Legislative Assembly refusing to take it into consideration, a fresh Bill was submitted in a form recommended by the Governor-General. Leave to introduce the Bill into the Legislative Assembly was refused; the Bill was then introduced into and passed by the Council of State and became an Act on certification by the Governor-General, under the provisions of Section 67B of the Government of India Act (*vide* Parliamentary Paper H.C. 85 of 1924). This Act reduced the Salt Tax to Rs.1¼ per maund and provided for the existing postal rates

and rates of Income Tax and Super Tax, and for the imposition of a specific duty on certain materials for match manufacture, but the proposals for reducing the Excise and Import Duties on motor spirit and other minor changes in the customs tariff were omitted from the Act in its recommended form.

In the Budget, as finally passed, the net revenue and expenditure were estimated as follows:—

	Rs.
Net Revenue	94,61,53,000
Net Expenditure	94,43,06,000
Surplus	18,47,000

As compared with the Revised Estimate for 1923–24, these figures show an increase of Rs.1,49,57,000 in net revenue, an increase of Rs.3,37,17,000 in net expenditure, and an estimated surplus of Rs.18,47,000 as compared with a surplus of Rs.2,06,07,000 in 1923–24.

The increases and decreases in the Budget as compared with the Revised Estimate for 1923–24 in detail are as follows:—

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Customs	4,60,29,000	Miscellaneous Civil Receipts ..	2,50,26,000
Currency	81,88,000	Railways	1,69,86,000
Opium	52,31,000	Taxes on Income ..	85,48,000
Posts and Telegraphs	46,09,000	Other Heads ..	22,06,000
Salt	34,35,000		
Mint	2,31,000		
Total	6,77,23,000	Total ..	5,27,66,000

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Debt Services ..	1,64,63,000		
Military Services ..	50,81,000		
Civil Works	46,22,000	Nil.	
Collection of Revenue	42,55,000		
Civil Administration..	18,66,000		
Miscellaneous Civil Charges. ..	14,30,000		
Total	3,37,17,000	Total ..	Nil

Notes on the Heads under which the principal variations occur will be found in Appendix I.

III.—BURDEN OF TAXATION.

	Accounts, 1922–23.	Budget Estimate, 1923–24.	Budget Estimate, 1924–25.
	Lakhs of Rs.	*Lakhs of Rs.*	*Lakhs of Rs.*
Salt	6,42·37	11,35·89	8,67·42
Stamps	11,95·17	13,55·84	12,92·92
Excise	18,42·30	18,98·53	19,37·49
Customs	41,29·25	45,03·75	44,96·17
Taxes on Income	18,13·94	19,17·64	18,36·58
Registration	1,20·45	1,24·13	1,27·83
Scheduled Taxes	27·77	46·35	35·48
Total (excluding Land Revenue)	97,71·25	109,82·13	105,93·89
Land Revenue	35,07·75	34,70·06	35,70·03
Total (including Land Revenue)	132,79·00	144,52·19	141,63·92
The payment per head, on the assumption that the whole of the taxation is paid by the inhabitants of British India, is :—	*Rs.*	*Rs.*	*Rs.*
(i) exclusive of Land Revenue	3·917	4·381	4·204
(ii) inclusive of Land Revenue	5·323	5·764	5·621

The above figures include both Central and Provincial revenue.

For the purpose of calculating the payment per head, the figures of population have been based on the Census of 1921 (247,003,293), an annual increase of population at the rate of one-half per cent. being assumed.

IV.—DEBT TRANSACTIONS AND CAPITAL EXPENDITURE.

Debt Transactions.

1923–24.

In May, 1923, a Sterling Loan was issued by the Secretary of State of £20,000,000 4½ per cent. stock, repayable at par on any half-yearly interest date between May, 1950, and May, 1955, the issue price being £90 per cent.

This issue was consolidated with the previous issue of £20,000,000 4½ per cent. stock in October, 1922. The proceeds of the loan were to be used for Indian Railway and general purposes. Facilities for subscriptions from India were provided.

In July, 1923, the Government of India issued a loan in India, limited to Rs.24 crores, in the form of ten-year Bonds at Rs.97 per cent. and long-term loan, maturing 1945–55, at Rs.96 per cent., both forms bearing interest at 5 per cent., and free of Indian Income Tax.

Conversion facilities were provided for Indian War Bonds, 1923, to both forms of the loan and for Indian War Bonds, 1925 and 1928, to the long-term loan only.

Arrangements were made for subscriptions to be received simultaneously in India, including Post Offices, and in London.

The total amounts subscribed were as follows:—

	Main Section.	Post Office Section.	Total.
	Rs.	Rs.	Rs.
Ten-year Bonds..	14,15,50,900	2,18,600	14,17,69,500
1945–55 Loan ..	9,77,83,200	1,94,200	9,79,77,400
Total	23,93,34,100	4,12,800	23,97,46,900

The amounts of War Bonds, 1923, 1925 and 1928, included in the above figures were Rs.8,17,700, Rs.1,400 and Rs.32,300, respectively.

Rs.5 crores of the Permanent Debt in India was discharged during the year, including Rs.8½ lakhs War Bonds, converted into the Rupee Loan of 1923. £715,500 Indian Railway Debentures were discharged in England.

Treasury Bills were only offered for sale in 1923–24 during April and from 14th November to 28th January. The amount outstanding on 31st March, 1924, was Rs.51,78·3 lakhs, of which Rs.49,65 lakhs was held on account of the Paper Currency Reserve, and Rs.212·2 lakhs by the public. During the year Rs.1946·7 lakhs (net) of the public issue of bills have been paid off, the holding on account of the Paper Currency Reserve remaining unchanged.

The net receipts from Post Office Cash Certificates, of which a new series was introduced in April, 1923, was Rs. 5,29,80,601.

1924–25.

The Budget provides for a capital outlay of Rs.30 crores on railways, Rs.1·74 crores on Posts and Telegraphs, and Rs.1·47 crores on the new Capital at Delhi; for the discharge of:—

Rs.2,13,00,000 Treasury Bills (*i.e.*, the total held by the public);

Rs.22,00,000 4 per cent. loans;

Rs. 26,00,000 5½ per cent. War Bonds, 1920 to 1923, which were not presented for repayment on maturity;

Rs.48,93,000 5 per cent. War Loan, 1929–47, and Rs.85,00,000 5 per cent. Income Tax free Loan, 1945–55, by the operation of the Depreciation Fund; and

£451,000 Indian Railway debentures in England.

It further assumes the receipt from a Rupee Loan in India of Rs.20 crores, and net receipts of Rs.6 crores and Rs.1½ crores from Savings Bank deposits and Post Office Cash Certificates respectively. The estimates do not provide for the issue of a Sterling Loan.

In July, 1924, the Rupee Loan, subject to a maximum of Rs.15 crores, was issued. The lists were closed on the 16th August and the subscriptions amounted approximately to Rs.13¼ crores. The loan was issued in two forms: (*a*) nine-year bonds at Rs.98¼ per cent., carrying interest at 5 per cent. per annum, free of Indian Income Tax; and (*b*) long-term loan at Rs.99 per cent. repayable at par not earlier than 15th October, 1945, or later than 15th October, 1955, and carrying interest at 5 per cent. per annum, free of Indian Income Tax. Subscriptions were admissible in cash and Indian War Bonds, 1925 and 1928, the War Bonds being convertible into the long-term loan only. Subscriptions were receivable both in India and in London.

In December, 1924, when the East Indian Railway will come under State management, the Secretary of State will take over the liability for the £18,500,000 debenture stock of the East Indian Railway Company.

The new series of Post Office Five-year Cash Certificates issued in 1923 is being continued, with the addition of Certificates for Rs.1,000. The Budget for 1924–25 provides for a net receipt of Rs.1½ crores from these Certificates.

The amount of the permanent and floating public debt of the Government of India (Central Government) outstanding is as follows:—

	In India‡	In England*
	Rs.	£
31st March, 1923..	4,11,07,10,245	242,631,497
31st March, 1924 (Revised Estimate) ..	4,10,67,26,245	260,789,797
31st March, 1925 (Budget Estimate) ..	4,26,71,33,245	279,475,297†

‡Excludes Post Office Cash Certificates.
*Includes liability for British Government 5 per cent. War Loan, 1929–47, taken over by India.
†Includes £18,500,000 debenture stock of the East Indian Railway, the liability for which will be assumed by the Secretary of State within the year.

The classification of the public debt of the Government of India and Provincial Governments combined is given on page 16.

Railways.

On the 31st March, 1923, the length of railways in India open for traffic was 37,618 miles, of which 381⅝ miles were opened in the preceding twelve months. The total route mileage under construction at the close of the year was 862¾ miles. (*See also* App. II. (*b*) (i).)

The capital expenditure on railways shown in the Government Accounts for 1922–23 and Estimates for 1923–24 and 1924–25, is as follows :—

	Accounts, 1922–23.	Revised Estimate, 1923–24.	Budget, 1924–25.
	Rs.	*Rs.*	*Rs.*
(A) Outlay on lines worked by the State and by guaranteed companies :—			
(1) From funds provided by the State ..	18,15,15,748	23,60,64,000	29,19,76,000
(2) From funds raised through companies or provided from other sources ..	28,26,557	—	80,24,000
	18,43,42,305	23,60,64,000	30,00,00,000
(B) Deposits of branch line companies ..	3,43,936	1,51,000	*—1,08,000*
Total ..	*18,46,86,241	*23,62,15,000	*29,98,92,000

* The figures in the above table have been arrived at after allowing for adjustment in respect of exchange.

The following table shows the capital outlay on all State lines up to the end of each year and the net return obtained after deducting working expenses and interest charges (*see* also table in Appendix II (*b*) (ii)) :—

	Accounts, 1922–23.	Revised Estimate, 1923–24.	Budget, 1924–25.
Capital at charge at end of each year	*Rs.* 5,61,25,72,632	*Rs.* 5,83,29,56,632	*Rs.* 6,11,71,30,632
Working profit from railways excluding interest charges ..	26,52,55,414	32,13,74,000	29,36,48,000
Percentage of same to capital at charge ..	4·73%	5·51%	4·80%
Final working profit after meeting interest charges	*Rs.* 1,21,99,229	*Rs.* 6,28,00,000	*Rs.* 4,58,14,000
Percentage of same to capital at charge ..	0·22%	1·08%	0·75%

Posts and Telegraphs

In the Budget for 1924–25 provision has been made of Rs.1,74 lakhs for capital outlay on the Indian Postal and Telegraph Department. The corresponding figures for 1923–24 were :—Budget Estimate, Rs.94 lakhs; Revised Estimate, Rs.97 lakhs. Prior to 1921–22 all expenditure on the Department, inclusive of capital outlay, was charged to Revenue.

Expenditure on the New Capital at Delhi.

The capital expenditure incurred, or estimated to be incurred, during the three financial years under review, on permanent works at Delhi, is as follows:—

	Rs.
1922–23 (Accounts)	1,84,79,432
1923–24 (Revised Estimate)	1,82,00,000
1924–25 (Budget Estimate)	1,47,00,000

The total actual capital expenditure incurred up to 31st March, 1923, was Rs.8,02,06,000.

Classification of Public Debt.

Immediately prior to 1921–22 the debt of India was classified as (1) Railway Debt, (2) Irrigation Debt, (3) Initial Expenditure on the New Capital at Delhi, (4) Bombay Development Scheme, (5) Ordinary Debt, and (6) Treasury Bills and Short-term loans.

In the table below items (3) and (4) are included under Ordinary Debt.

With effect from 1921–22, the classification has been re-cast, owing to the application of borrowed funds to capital expenditure in the Telegraph Department, and to capital works undertaken by Provincial Governments in exercise of the borrowing powers conferred on them under the Reforms Scheme. The heads under which the debt has been re-cast are as follows:—

(1) Debt debited to Commercial Departments, subdivided into (*a*) Railways, (*b*) Posts and Telegraphs, (*c*) Irrigation, and (*d*) Forests.

(2) Ordinary debt, and

(3) Floating Debt, *i.e.*, Treasury Bills and Short-term loans.

The portion of the Public Debt shown as incurred for Commercial Departments is determined with reference to the actual capital outlay in those departments provided from Government resources, irrespective of whether it has been financed by loans raised by Government or otherwise, *e.g.*, by the use of surplus revenue deposits or miscellaneous funds. The funds devoted to capital expenditure in any year normally exceed the money raised for the purpose. When this is the case, the adoption of the method explained above for calculating the amount of debt utilised for Commercial Departments results in the increase of the amount of this debt and an equivalent decrease in the ordinary (or unproductive) debt, corresponding roughly to the extent to which funds raised otherwise than by borrowing are devoted to capital outlay

on commercial undertakings. The operation is reversed in any year in which, owing to unfavourable financial conditions, funds obtained by loans are used in the ordinary disbursements of Government.

In the following table, which includes the public debt of the Central and the Provincial Governments, the sterling and rupee debts of India have been combined at the rate of Rs. 10=£1.

	31/3/17.	31/3/18.	31/3/19.	31/3/20.
Debt debited to Commercial Departments:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
(1) Railways	3,25,25,50,700	3,30,63,50,600	3,37,55,63,850	3,50,85,85,130
(2) Irrigation	64,92,82,850	65,98,76,100	66,73,60,220	67,50,86,770
(3) Posts and Telegraphs				
(4) Forest				
Ordinary Debt	*—48,27,15,930*	42,16,11,910	56,73,55,070	51,12,72,870
‡Floating Debt	50,00,000	47,57,05,000	49,24,30,000	52,98,00,000
Tota	3,42,41,17,570	4,86,35,43,610	5,10,27,09,140	5,22.47,44,770

	31/3/21.	31/3/22	31/3/23.	31/3/24. †
Debt debited to Commercial Departments:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
(1) Railways	3,77,45,54,938	3,99,67,52,477	4,18,74,34,019	4,39,26,09,000
(2) Irrigation	68.77,12,546	78,00,79,612	81,26,69,476	84,89,72,000
(3) Posts and Telegraphs		15,23,64,560	15,89,26,566	16,65,44,000
(4) Forest		3,09,239	8,73,542	29,93,000
Ordinary Debt	31,74,49,724	30,91,44,589	80,06,23,706	97,00,82,000
‡Floating Debt	1,04,93,10,000	1,11,85,70,000	71,23.90,000	51,77,20,000
Total	5,82,90,27,208	6,35,72,20,477	6,67,29,17,309	6,89,89,20,000

† Figures for 31/3/24 are provisional.

‡ The floating debt includes the Treasury Bills held on account of the Paper Currency Reserve, of which the amounts outstanding were as follows:—

31/3/17	*Nil.*	31/3/21	*Rs.* 61,26,00,000
31/3/18	*Nil.*	31/3/22	*Rs.* 57,89,00,000
31/3/19	*Rs.* 6,40,00,000	31/3/23	*Rs.* 49,65,00,000
31/3/20	*Rs.* 10,09,00,000	31/3/24	*Rs.* 49,65,00,000

Miscellaneous Liabilities and Assets.

There are also other obligations of the Government of India, including Post Office Cash Certificates (which are treated in the Government of India's Accounts as unfunded debt), Savings Bank balances, Judicial and Departmental deposits, balances of Service Funds, etc., amounting on 31st March, 1924 to Rs.97½ crores, and certain terminable annuities in redemption of a capital sum for purchase of railways of which the amount outstanding on 31st March, 1924, was £60,095,485.

On that date, also, the Government of India had lent Rs.8,69,33,144 (net) to Native States, Corporations, Agriculturists, etc. Other assets included the Gold Standard Reserve, consisting of sterling securities of an estimated value of £39,999,059, and £941 in cash; the cash balances in India, Rs.31,14,37,000, and the Treasury balances in England, £10,166,581.*

* The figures in the final sentence are actuals, and hence differ from the "Revised Estimate" figures in the following statement.

V.—GENERAL STATEMENT OF THE RECEIPTS AND DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

The following table shows the opening balances, receipts, disbursements and closing balances, estimated or actual, of the Government of India in 1922–23, 1923–24, and 1924–25.

	Accounts, 1922–23.	Budget, 1923–24.	Revised, 1923–24.	Budget, 1924–25.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Opening Balance, India	25,66,13,170	23,89,58,170	25,95,80,424	29,77,01,424
Opening Balance, England	(*a*)8,99,53,817	(*b*)7,41,81,817	(*b*)9,82,19,688	(*b*)7,63,05,688
Total Opening Balance	34,65,66,987	31,31,39,987	35,78,00,112	37,40,07,112
RECEIPTS—				
Revenue Surplus	—	80,86,000	2,06,07,000	18,47,000
Capital Contributions by Railway Companies and Indian States towards construction of State Railways	28,26,557	4,51,26,000	—	80,24,000
Permanent Debt (net incurred)	66,22,99,053	33,15,56,000	37,21,89,000	36,85,62,000
Floating Debt (net incurred)	—	—	—	—
Unfunded Debt (net incurred)	2,96,51,483	5,01,85,000	10,52,36,000	7,51,45,000
Deposits and Advances (net)	17,82,38,542	11,42,69,000	4,89,88,000	15,42,67,000
Loans and Advances by Central Government (net Repayments)	20,42,338	6,67,000	20,44,000	6,70,000
Remittances (net)	37,92,494	—	—	1,38,000
Balances of Provincial Governments (net)	6,34,730	—	5,03,81,000	—
Total Receipts	87,94,85,197	54,98,89,000	59,94,45,000	60,86,53,000
Total	1,22,60,52,184	86,30,28,987	95,72,45,112	98,26,60,112
DISBURSEMENTS—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Revenue Deficit	15,01,76,392	—	—	—
Construction of State Railways	18,43,42,305	38,63,95,000	23,60,64,000	30,00,00,000
Capital Outlay on Indian Postal and Telegraph Department	65,62,006	94,30,000	96,65,000	1,73,95,000
Construction of Irrigation Works	2,25,219	22,000	7,000	—
Initial Expenditure on new Capital at Delhi	1,84,79,432	1,97,00,000	1,82,00,000	1,47,00,000
Redemption of Liabilities involved in the purchase of Railways	—	—	—	27,07,03,000
Payments for Discharge of Debentures (net)	63,34,021	4,51,26,000	1,04,07,000	1,44,86,000
Floating Debt (net Discharged)	40,61,80,000	5,50,00,000	19,46,00,000	2,13,00,000
Loans between Central and Provincial Governments (net Advances)	9,59,52,697	13,46,77,000	11,32,26,000	12,72,62,000
Remittances (net)	—	80,15,000	10,69,000	—
Balances of Provincial Governments (net)	—	1,20,12,000	—	3,00,23,000
Total Disbursements	86,82,52,072	67,03,77,000	58,32,38,000	79,58,69,000
Closing Balance	35,78,00,112	19,26,51,987	37,40,07,112	18,67,91,112
Total	1,22,60,52,184	86,30,28,987	95,72,45,112	98,26,60,112
DISTRIBUTION OF CLOSING BALANCE—				
Closing Balance, India	25,95,80,424	14,76,21,170	29,77,01,424	13,87,36,424
Closing Balance, England	(*b*)9,82,19,688	(*b*)4,50,30,817	(*b*)7,63,05,688	(*b*)4,80,54,688

a Of this amount, Rs. 17,753 represents the funds of the Gold Standard Reserve.
b Of this amount, Rs. 36,584 represents the funds of the Gold Standard Reserve.

VI.—GOLD STANDARD RESERVE.

In accordance with the recommendation made by Sir Henry Fowler's Committee, it was decided that, with effect from 1st April, 1900, the net profit from the coinage of rupees should not be treated as Revenue, but should be held as a special reserve (now called the Gold Standard Reserve).

The principal objects for which the Reserve is maintained are (1) to provide funds from which the Secretary of State for India can finance his requirements at times when he cannot conveniently arrange for remittance of funds from India by selling Council drafts on India or otherwise, and (2) to furnish resources against which, in normal times, sterling drafts may, if necessity arises, be sold by the Government of India to remitters in India, with a view to preventing a depreciation of the exchange. The earlier history of the Reserve is described in the Explanatory Memorandum for 1922–23. [Command Paper 1766 of 1922.]

In 1921–22 and 1922–23 the assets of the Gold Standard Reserve in excess of £40,000,000, on the basis of current market prices, were appropriated in reduction of the outstanding fiduciary currency; but in 1923–24 the corresponding assets were appropriated to revenue, and a similar appropriation is proposed for 1924–25.

Statistics, etc., regarding the Gold Standard Reserve.

The total receipts from profit on coinage, interest and discount, and profit by exchange up to 31st March, 1924, were as follows:—

	£
Profits on Coinage—1900–01 to 1923–24 ...	28,573,606
Interest and discount	18,153,045
Profit by exchange	194,917
	£46,921,568

Of this sum, £1,123,655 has been used for capital expenditure on railways; the remainder, out of which £2,866,217 has been transferred to the Paper Currency Reserve in reduction of created Rupee securities and £1,199,128 has been transferred to Revenue, has been paid to the Reserve. The following table shows the disposal of the sums paid to the Reserve up to 31st March, 1924:—

	£	£
Profits on Coinage paid to Gold Standard Reserve—		
Total Profits realized 1st April, 1900, to 31st March, 1924 ..	28,573,606	
Deduct amount used for Capital Expenditure on Railways ..	*1,123,655*	
		27,449,951
Interest and discount received up to 31st March, 1924	18,153,045	
Profit by exchange ..	194,917	
Profit through appreciation	20,900	
		18,368,862
Profits and Interest paid to Reserve from 1st April, 1900, to 31st March, 1924		45,818,813
Deduct—		
Loss on Sale, Redemption, and Conversion of Securities ..	*1,732,894*	
Transferred to Paper Currency Reserve in reduction of created securities	*2,866,217*	
Transferred to Revenue	*1,199,128*	
Miscellaneous Charges	*20,674*	
		5,818,813
Amount of Reserve on 31st March, 1924 ..		£40,000,000

	£
Sterling Securities held in England (estimated value)	39,999,059
Cash held in England on account of the Reserve	941
	£40,000,000

The Securities, estimated at £39,999,059 (as shown above), were as follows:—

Securities.	Nominal Value.	Cost Price.	Estimated Value on 31st March, 1924.
	£	£	£
Exchequer Bonds	3,275,000	3,405,516	3,354,565
Guaranteed 2½ per cent. Stock ..	438,720	407,187	252,264
National War Loan	717,601	708,127	721,868
National War Bonds	6,780,000	7,177,323	7,241,698
Treasury Bonds	4,790,000	4,859,625	4,909,106
Treasury Bills	23,605,000	23,420,381	23,519,558
Total	39,606,321	39,978,159	39,999,059

The net profit on the Gold Standard Reserve Investments up to 31st March, 1924, is shown below:—

	£	£
Estimated value of securities on 31st March, 1924		39,999,059
Cost price of securities held on 31st March, 1924		39,978,159
Gain through Appreciation		20,900
Loss on sale and redemption of securities ...		1,732,894
Net loss		1,711,994
Miscellaneous charges		20,574
Total of losses and charges		1,732,568
Interest and Discount received up to 31st March, 1924	18,153,045	
Profit by exchange	194,917	
		18,347,962
Net profit on Investments		£16,615,394

VII.—EXCHANGE AND REMITTANCE.

The sales in London by the Secretary of State of Bills and Transfers on India, the purchases of sterling in India by the Government of India and the purchases by the Secretary of State of proceeds of loans raised in London by Indian public bodies during the last ten years, have been as follows:—

Year.	Sale of Bills and Transfers on India by the Secretary of State.	Purchases of Sterling by the Govt. of India.	Purchases by the Secretary of State of proceeds of Loans raised in London by Indian public bodies.	Total.	Average Rate of Exchange per Rupee.
	£	£	£	£	s. d.
1914-15..	7,794,002	—	—	7,794,002	1 4·004
15-16..	20,371,460	—	—	20,371,460	1 4·088
16-17..	33,021,429	—	—	33,021,429	1 4·148
17-18..	34,913,141	—	—	34,913,141	1 4·534
18-19..	22,539,438*	—	—	22,539,438	1 5·499
19-20..	27,524,437†	—	—	27,524,437	1 10·643
20-21..	nil	—	—	nil.	—
21-22..	nil	—	—	nil	—
22-23..	2,570,026	70,000	2,126,210	4,766,236	1 4·200
23-24..	8,738,705	13,100,000	1,302,959	23,141,664	1 4·632

* In addition, £3,372,617 Council Bills were sold to Exchange Banks under special conditions at the rate of 1s. 4·16*d*.

† In addition, £3,701,782 Council Bills were sold to Exchange Banks under special conditions at the rate of 1s. 4·52*d*.

The sales by the Government of India of bills and transfers on London during the last ten years have been as follows:—

1914–15	£8,707,000	Bills and Transfers { Bills at 1*s.* $3\frac{29}{32}$*d.* the rupee; Transfers at 1*s.* $3\frac{31}{32}$*d.* and 1*s.* $3\frac{27}{32}$*d.* the rupee.
1915–16	£4,893,000	Deferred Transfers at 1*s.* $3\frac{29}{32}$*d.*
1918–19	£5,315,000	Transfers at average rate of 1*s.* $5\frac{11}{16}$*d.* the rupee for immediates and 1*s.* $6\frac{1}{32}$*d.* for deferreds.
1919–20	£24,544,000	Transfers at average rate of 2*s.* 7·986*d.* the rupee for immediates and 2*s.* 6·009*d.* for deferreds.
1920–21	£30,988,000	Transfers at average rate of 2*s.* 2·102*d.* the rupee for immediates and 2*s.* 2·038*d.* for deferreds.
1921–22	*Nil.*	
1922–23	*Nil.*	
1923–24	*Nil.*	

VIII.—SEA-BORNE TRADE.

The figures of Exports from, and Imports into, India during 1921–22, 1922–23, and 1923–24, are given in Appendix II (*c*) on pages 34 to 39.

R. RICHARDS.

India Office,
15th September, 1924.

APPENDIX I.

NOTES ON CERTAIN HEADS OF NET REVENUE AND EXPENDITURE.

NET REVENUE.

Customs.

	Rs.
Accounts, 1922–23	41,34,65,362
Budget, 1923–24	45,09,41,000
Revised Estimate, 1923–24 ...	40,41,53,000
Budget, 1924–25	45,01,82,000

The large decrease in the Revised Estimate, as compared with the Budget, for 1923–24 was due to a decline in respect of the import duties on sugar, cotton piece-goods, railway plant and rolling-stock, cutlery and hardware, iron and steel, other metals and "other manufactured articles," and of the excise duty on cotton manufactures. The only heads which show a material increase in revenue are the import duty on yarns and textile fabrics other than cotton manufactures and the export duty on jute.

The decline in revenue under sugar was the result of insufficient allowance made in the Budget for the reduction in the tariff valuation which came into force from the 1st January, 1923. The revenue from railway plant and rolling-stock was affected by a decision of the Bombay High Court that stores imported by railway companies working State lines fall within the term "Government Stores," and are not, therefore, liable to duty. An appeal has been preferred to the Privy Council against the decision, but pending the result of the appeal, the stores in question are being passed free of duty.

Fall in prices has affected the customs revenue in the case of articles liable to *ad valorem* duties, and the cotton excise duty has suffered from the adverse conditions which existed in the Bombay cotton mill industry.

The Budget Estimate for 1924–25 allows for an improvement in trade conditions generally and under sugar for the increased tariff valuation which came into force from January, 1924. The Sea Customs Act has been amended so as to make Government stores liable to customs duties with effect from the 1st April, 1924.

Details of the receipts obtained or expected to be obtained under the respective heads are given in the table below.

SEA CUSTOMS.*	Accounts, 1922-23.	1923-24. Budget.	1923-24. Revised.	Budget, 1924-25.
Imports :—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Special Import Duties.				
1. Liquors—				
(*a*) Ale, Beer, Porter, Cider and other fermented Liquors ..	13,49,000	14,30,000	13,75,000	14,40,000
(*b*) Spirits and Liqueurs ..	2,10,19,000	2,26,00,000	2,09,00,000	2,22,00,000
(*c*) Wines	10,78,000	12,00,000	11,40,000	12,00,000
2. Sugar, all sorts	4,40,95,000	5,00,00,000	3,85,00,000	4,55,00,000
3. Tobacco	1,54,76,000	1,60,00,000	1,65,00,000	1,75,00,000
4. Coal, coke and patent fuel	4,80,000	5,50,000	2,90,000	3,00,000
5. Mineral oils	1,10,89,000	1,25,00,000	1,35,00,000	1,45,00,000
6. Arms, Ammunition and Military Stores	8,27,000	9,00,000	8,10,000	8,40,000
7. Opium	2,000	3,000	4,000	3,000
8. Cotton yarn and thread	48,86,000	55,00,000	41,60,000	48,00,000
9. Cotton piece-goods	6,39,03,000	6,85,00,000	6,12,00,000	6,60,00,000
10. Matches	1,53,63,000	1,60,00,000	1,47,00,000	1,67,00,000
Duty at 2½ per cent.				
11. Machinery	63,33,000	69,00,000	58,50,000	67,00,000
12. Other articles	2,00,000	2,00,000	2,10,000	2,15,000
Duty at 10 per cent.				
13. Metals—Iron and Steel	1,84,08,000	2,00,00,000	1,71,00,000	1,80,00,000
14. Railway plant and rolling stock ..	1,07,02,000	1,10,00,000	64,00,000	1,30,00,000
15. Other articles	2,89,000	2,01,000	6,50,000	4,62,000
Duty at 15 per cent.				
16. Articles of Food and Drink (excluding sugar and vinegar)	1,22,54,000	1,45,00,000	1,27,00,000	1,40,00,000
17. Raw materials and articles mainly unmanufactured	74,71,000	68,00,000	63,50,000	71,35,000
18. Articles wholly or mainly manufactured—				
(*a*) Cutlery, hardware, implements and instruments	1,33,40,000	1,48,50,000	1,14,00,000	1,35,00,000
(*b*) Metals other than Iron and Steel	1,07,34,000	1,21,00,000	92,50,000	1,00,00,000
(*c*) Yarns and textile fabrics (other than cotton manufactures) ..	75,88,000	78,00,000	1,05,00,000	1,20,00,000
(*d*) All other articles wholly or mainly manufactured ..	3,78,69,000	4,00,00,000	3,70,00,000	4,00,00,000
19. Miscellaneous	52,74,000	60,00,000	52,10,000	60,00,000
Duty at 30 per cent.				
20. Motor cars and cycles	56,08,000	70,00,000	77,00,000	80,00,000
21. Silk piece-goods and other manufactures of silk	80,62,000	85,00,000	77,00,000	80,00,000
22. Pneumatic rubber tyres and tubes ..	32,42,000	37,50,000	31,00,000	33,00,000
23. Other articles	96,82,000	1,10,00,000	97,50,000	1,05,00,000
Government Stores.				
24. Duty on Government Stores other than Railway Stores	—	—	—	53,50,000
Total Imports	33,66,23,000	36,57,84,000	32,39,49,000	36,71,45,000
25. Export duties—				
(*a*) Hides and skins, raw	42,60,000	25,00,000	24,14,000	25,00,000
(*b*) Jute (raw and manufactured) ..	3,29,25,000	3,45,00,000	3,70,66,000	3,60,00,000
(*c*) Rice	1,08,06,000	1,15,00,000	1,11,00,000	1,11,93,000
(*d*) Tea	44,41,000	55,45,000	47,50,000	49,04,000
26. Sea Customs—Miscellaneous	11,80,000	11,74,000	11,50,000	12,00,000
27. Land Customs	20,76,000	20,33,000	20,00,000	23,00,000
28. Excise Duty on Cotton manufactures	1,87,34,000	1,88,15,000	1,50,00,000	1,75,00,000
29. Excise Duty on Motor Spirit	64,69,000	80,00,000	65,00,000	68,00,000
30. Excise Duty on Kerosene	92,32,000	90,90,000	98,00,000	98,00,000
31. Warehouse and wharf rents and Miscellaneous	4,79,000	10,00,000	5,22,000	8,38,000
Grand Total	42,72,05,000	45,99,41,000	41,42,51,000	46,01,80,000
Deduct—Refunds ..	*1,37,40,000*	*90,00,000*	*1,00,98,000*	*99,98,000*
Net Total	41,34,65,000	45,09,41,000	40,41,53,000	45,01,82,000

* The rates of duty shown in this column are those for 1924-25.

Taxes on Income.

—	Accounts, 1922–23.	Budget, 1923–24.	Revised Estimate, 1923–24.	Budget, 1924–25.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Excess Profits Duty..	1,50,033	nil	1,18,000	nil
Super Tax	7,23,15,293	6,38,57,000	6,54,98,000	5,71,54,000
Income Tax	15,31,13,018	13,45,78,000	14,55,45,000	13,64,66,000
TOTAL TAXES ON INCOME	22,55,78,344	19,84,35,000	21,11,61,000	19,36,20,000
Deduct Refunds	*4,41,83,859*	*66,71,000*	*1,90,50,000*	*99,62,000*
TOTAL REVENUE	18,13,94,485	19,17,64,000	19,21,11,000	18,36,58,000
Deduct Share of Provincial Governments under Devolution Rules	*14,53,335*	*13,00,000*	*13,66,000*	*14,61,000*
Revenue of Central Government	17,99,41,150	19,04,64,000	19,07,45,000	18,21,97,000

Excess Profits Duty.—The Revised Estimate for 1923–24 represents the collection of arrears thrown forward from former years.

Super-tax and Income-tax.—The Revised Estimate of net revenue for 1923–24 is slightly higher than the Budget Estimate for that year.

The total Budget Estimate for 1924–25 falls short of the Revised Estimate for 1923–24 by Rs.84 lakhs. The collections in Bombay are expected to be less by Rs.91 lakhs owing to the depressed condition of the mill industry, and in Bengal by Rs.47 lakhs owing mainly to the revenue for 1923–24 including arrears; on the other hand, increases are expected in Burma (Rs.45 lakhs) and Bihar and Orissa (Rs.12 lakhs) from the collection of arrears thrown forward from the current year.

Share of Provincial Governments.—Under rule 15 of the Devolution Rules, Provincial Governments receive a share in the income-tax collected within their jurisdiction at the rate of three pies on each rupee brought under assessment in respect of which the income-tax assessed has been collected. In consideration of this allocation, the Provincial Governments make fixed annual assignments equivalent to the amount which would have accrued to them in the year 1920–21 if the three-pie rate had been in force in that year.

Salt.	*Rs.*
Accounts, 1922–23	6,82,46,112
Budget, 1923–24	11,75,00,000
Revised Estimate, 1923–24 ...	8,70,27,000
Budget, 1924–25.	9,04,62,000

The Revised Estimate for 1923–24 falls short of the Budget Estimate for that year by over Rs.3 crores.

This decrease is mainly due to traders in January and February, 1923, taking large quantities of salt in excess of the normal issue in anticipation of an increase in duty from the 1st March, 1923, and allowing their stocks to run as low as possible in 1923–24 in expectation of a reduction of duty from the 1st March, 1924.

With effect from the 1st March, 1924, the duty on salt imported into, and produced in, India has been reduced from Rs.2½ to Rs.1¼ a maund. It is expected that there will be a rapid replenishment of stocks on account of the reduction of duty, and allowing for the operation of the credit system of sales in Bengal and Madras, the Budget estimate of net revenue in 1924–25 has been placed at Rs.9,04·62 lakhs.

Opium.

—	Accounts, 1922–23.	Budget, 1923–24.	Revised Estimate, 1923–24.	Budget, 1924–25.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Receipts—net revenue	3,78,92,068	3,93,12,000	4,30,64,000	4,33,60,000
Charges—including exchange	*1,86,60,643*	*1,88,31,000*	*2,58,43,000*	*2,09,08,000*
Net receipts	1,92,31,425	2,04,81,000	1,72,21,000	2,24,52,000

Opium is supplied at fixed prices to certain other Governments, principally Malaya, the Netherlands Indies, and Siam; the balance for export is sold by auction at Calcutta. In respect of opium consumed in India only the amount charged to Local Governments as cost of production is credited under this head, the difference between actual price of issue to licensed vendors and cost of production being credited to Provincial revenues under the head of Excise.

As a result of a slightly increased demand for opium in the Far East, the number of chests disposed of by auction during 1923–24 was greater than had been anticipated in the Budget.

Railways.

—	Accounts, 1922–23.	Budget, 1923–24.	Revised Estimate, 1923–24.	Budget, 1924–25.
	Rs.	*Rs.*	*Rs.*	*Rs.*
State Railways :—				
Gross Receipts	93,22,14,218	95,57,24,000	94,22,02,000	97,06,92,000
Working Expenses	*65,96,16,125*	*63,01,50,000*	*60,96,00,000*	*66,43,04,000*
Net Traffic Receipts ..	27,25,98,093	32,55,74,000	33,26,02,000	30,63,88,000
*Surplus Profits paid to Companies, &c. .. .. .

The position of the Railway Revenue Account in recent years is exhibited in the following table:—

			Rs.
1919–20	Net receipts†	...	13,81,01,444
1920–21	Net receipts†	...	5,64,09,263
1921–22	Net expenditure†	...	*9,08,99,743*
1922–23	Net receipts	...	1,21,99,229
1923–24 (Budget)	Net receipts	...	3,85,26,000
1923–24 (Revised Estimate)	Net receipts	...	6,28,00,000
1924–25 (Budget)	Net receipts	...	4,58,14,000

These figures are arrived at after charging in the Account all interest charges, payments in redemption of capital which are made partly through sinking funds and partly through the annuities created for the purchase of various railways, except that, with effect from 1924–25, the capital portions of the annuity payments are excluded from the railway account and are charged under the head "Reduction or Avoidance of Debt."

State Railways.—The profit derived by the State from the railways arises from the State lines, under which head are included not only the lines worked by the State (of which the most important are the North-Western, Eastern Bengal, and Oudh and Rohilkhand systems), but also lines which, while classified as State railways, are worked by companies receiving guaranteed interest on their share capital and a share of the surplus profits. Among the most important of the lines included in the latter class are the East Indian, Bengal-Nagpur, Bombay Baroda and Central India (including Rajputana-Malwa), Madras and Southern Mahratta, South Indian, Great Indian Peninsula (including the Indian Midland Railway), Assam-Bengal, and Burma Railways. The East Indian Railway will come under State management after December, 1924.

The Revised Estimate, as compared with the Budget, for 1923–24 shows a decrease of Rs.1$\frac{1}{3}$ crores in Gross Receipts, due to traffic not coming up to expectations during the autumn months and to interruption of traffic as a result of flood damages to several railways. This decrease is more than set off by a decrease of Rs.2 crores in Working Expenses.

In the Budget for 1924–25, the Gross Receipts have been estimated at Rs.97 crores, being Rs.2$\frac{3}{4}$ crores more than the Revised Estimate for 1923–24. This is based on anticipations of normal conditions of trade and a favourable harvest. Provision is also made, in the Budget, for an increase in Working Expenses of about Rs.5$\frac{1}{2}$ crores, as compared with the Revised Estimate for 1923–24.

† Excluding receipts from surtax on goods traffic amounting to:—

	Rs.
1919–20 ..	98,76,204
1920–21 ..	1,07,79,507
1921–22 ..	5,63,91,517

Posts and Telegraphs.

—	Accounts, 1922-23.	Budget, 1923-24	Revised Estimate, 1923-24.	Budget, 1924-25.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Indian Postal and Telegraph Department:—				
Gross Receipts	9,67,03,290	10,30,99,000	9,86,79,000	10,14,54,000
Expenditure..	*9,40,47,113*	*8,90,18,000*	*9,34,19,000*	*9,03,05,000*
Net Receipts	26,56,177	1,40,81,000	52,60,000	1,11,49,000
Indo-European Telegraph Department:—				
Gross Receipts	46,11,187	40,84,000	48,72,000	46,00,000
Expenditure..	*27,36,452*	*26,68,000*	*29,00,000*	*39,08,000*
Net Receipts	18,74,735	14,16,000	19,72,000	6,92,000
Total Net Receipts—Posts and Telegraphs	45,30,912	1,54,97,000	72,32,000	1,18,41,000

Indian Postal and Telegraph Department.—The Revised Estimate of Gross Receipts for 1923–24 falls short of the Budget Estimate by Rs.44¼ lakhs. The latter estimate was, however, based on the Revised Estimate of the previous year, which included erroneous adjustments of Rs.22 lakhs provisionally made under this head. The estimate for 1923–24 was therefore vitiated to this extent and the real deficit in the Revised Estimate may be taken at Rs.22 lakhs. This deficit is due mainly to continued trade depression, which is particularly shown in the falling off in the receipts for foreign telegrams. Diversion of traffic owing to the re-opening of the Indo route to Europe and of the Aden–Colombo cable to the Far East is also responsible for a decline in receipts.

The estimate of revenue for 1924–25 provides for an increase of Rs.27¾ lakhs over the Revised Estimate for 1923–24. Allowance is made for normal growth and in expectation of improved trade conditions in 1924–25. Increased revenue will be received from the revised rates for insurance of postal articles in the inland post, from the enhancement of fees for purpose of Customs formalities of foreign parcels, and from anticipated increases in the charges made to railway and canal administrations for the maintenance of their lines.

Currency.

The greater part of the net revenue receipts shown under Currency arises from the interest on the securities in the Paper Currency Reserve. Under the Indian Paper Currency Act this interest was earmarked for reduction of created securities in the Paper Currency Reserve. This provision has, however, been temporarily suspended since 1921–22, and the interest credited to revenue.

Provincial Contributions and Adjustments.

—	Accounts, 1922-23.	Budget, 1923-24.	Revised Estimate, 1923-24.	Budget, 1924-25.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Contributions and Assignments.	9,20,00,000	9,20,00,000	9,20,00,000	9,20,12,000
Miscellaneous adjustments (net receipts or *charges*)	2,93,608	*—2,26,000*	*—15,50,000*	*—20,66,000*
Total (net receipts)	9,22,93,608	9,17,74,000	9,04,50,000	8,99,46,000

Contributions.—It was provided by the Devolution Rules, made under para. 45A of the Government of India Act, that in the year 1921–22 contributions of specified amount, and in future years similar contributions or such smaller sums as might be determined by the Governor-General in Council, should be paid by the Local Governments to the Government of India. If for any year the total of the contributions were reduced, reductions should be made in respect of those Local Governments only whose last previous annual contribution should have exceeded the proportion specified below of the smaller sum so determined as the total contribution; and any reduction so made should be proportionate to such excess.

Name of Province.	Contribution for 1924–25 (in lakhs of Rupees).	Normal Proportion of future contributions to reduced total.
Madras	348	17/90
Bombay	56	13/90
Bengal	*Nil.**	19/90
United Provinces	240	18/90
Punjab	175	9/90
Burma	64	6½/90
Bihar and Orissa	*Nil.*	—
Central Provinces.. ..	22	5/90
Assam	15	2½/90

* For temporary remission of Bengal contribution (Rs. 63 lakhs), *see* footnote on page 4.

The Budget of 1924–25 also includes a contribution of Rs.12,000 from Coorg, under the Coorg Devolution Rules, 1924, towards the pay of the Chief Commissioner and his establishment.

Assignments.—The assignments made to central revenues by each Provincial Government, under Devolution Rule 15 (2), in consideration of the grant to them of a share in the income-tax collected within their respective jurisdictions, were prior to 1922–23 accounted for under this head. They have since been transferred to the head "Taxes on Income."

The Budget for 1924–25 includes Rs.22 lakhs, under Miscellaneous Assignments, for assignments to Provincial Governments in respect of Customs duty on stores imported by them.

Miscellaneous Civil Receipts.

	Rs.
Accounts, 1922–23	16,76,985
Budget, 1923–24	11,35,000
Revised Estimate, 1923–24 ...	2,84,36,000
Budget, 1924–25	34,10,000

The large increase shown under this head in the Revised Estimate for 1923–24 is due to the inclusion of Rs.244 lakhs out of profits from the control of enemy ships, and Rs.37 lakhs profit from the sale of £2 millions of gold from the Paper Currency Reserve.

The Budget figure for 1924–25 of Rs.34,10,000 includes about Rs.25 lakhs of the profits from the control of enemy ships, reserved for payment of *ex gratia* grants to private individuals who suffered from enemy action during the war.

NET EXPENDITURE.

Debt Services.

	Accounts, 1922–23.	Budget, 1923–24.	Revised Estimate, 1923–24.	Budget, 1924–25.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Total payments for Interest on Debt ..	30,88,20,526	35,36,73,000	34,16,05,000	35,02,90,000
Deduct amounts chargeable to—				
Railways	*16,34,47,349*	*18,77,90,000*	*17,37,98,000*	*19,00,69,000*
Irrigation	*12,18,882*	*10,88,000*	*12,33,000*	*12,41,000*
Posts and Telegraphs	*59,16,002*	*68,28,000*	*63,60,000*	*71,00,000*
Provincial Governments	*3,02,00,692*	*4,00,15,000*	*3,74,90,000*	*4,46,08,000*
Total Deductions	*20,07,82,925*	*23,57,21,000*	*21,88,81,000*	*24,30,18,000*
Interest on Ordinary Debt	10,80,37,601	11,79,52,000	12,27,24,000	10,72,72,000
Interest on other Obligations†	3,06 95,628	3,21,61,000	3,09,65,000	3,64,06,000
Reduction or Avoidance of Debt	2,28,56,311	2,20,44,000	1,37,99,000	3,95,73,000
Total	16,15,89,540	17,21,57,000	16,74,88,000	18,32,51,000
Interest Receipts on loans, &c., in India and England	*1,15,70,696*	*2,50,96,000*	*3,24,25,000*	*3,17,25,000*
Net Interest Payments (other than those chargeable to Railways, Irrigation, Posts and Telegraphs, and Provincial Governments)	15,00,18,844	14,70,61,000	13,50,63,000	15,15,26,000

† The nature of these "other obligations" is explained on p. 16.

Owing to the improved state of the Government securities market, it has been unnecessary to utilise any portion of the additional provision of Rs.80 lakhs made since 1921–22 for the purpose of supporting the two long-term 5 per cent. rupee loans. In the Budget for 1924–25, however, additional charges are included for the capital portion of the annuities in purchase of railways and the railway sinking funds, both of which have in previous years been a charge under the head of railways. The debt head in 1924–25 also includes a new provision of Rs.11 lakhs for avoidance of debt, being the equivalent of the Customs duty collected from State Railways on stores imported by them for capital purposes.

The receipts include interest received in England on the balances of the Secretary of State and in India on loans granted by the Central Government to Native States and to Railway Companies. The amount "chargeable to Provincial Governments" includes interest on the outlay to the end of 1920–21 on irrigation works transferred under the Reforms Scheme to those Governments.

Military Services.

	Accounts, 1922-23.	Budget, 1923-24.	Revised Estimate, 1923-24.	Budget, 1924-25.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Army	59,86,87,257	57,17,67,000	55,31,21,000	55,48,72 000
Marine	1,07,26,080	75,07,000	68,66,000	76,76,000
Military Works and Special Defence Works	4,32,66,753	4,07,26,000	3,74,32,000	3,99,52,000
Total	65,26,80,090	62,00,00,000	59,74,19,000	60,25,00,000

The details of the Army Charges, which form the most important part of the charges grouped together in the table above, are as follows :—

	Accounts, 1922-23.	1923-24.		Budget, 1924-25.
		Budget.	Revised.	
	Rs.	*Rs.*	*Rs.*	*Rs.*
EXPENDITURE.				
India—				
(A.) Standing Army.				
Effective Services.				
Maintenance of the Standing Army ..	30,29,54,305	31,30,55,530	29,11,48,000	28,40,46,320
Cost of Educational, etc., establishments and Working expenses of Hospitals, Depots, etc.	9,40,68,632	8,72,92,700	9,24,52,000	8,27,19,750
Army Headquarters, Staff of Commands, etc.	2,14,39,704	2,02,82,720	2,04,03,000	2,05,19,510
Stock Account	—2,98,64,230	—3,11,41,500	—3,54,99,000	—1,47,38,490
Special Services	5,45,82,360	1,42,11,580	2,16,41,000	57,94,780
Miscellaneous Charges	1,94,78,050	1,85,64,970	1,33,75,000	1,83,86,130
Unadjusted Expenditure	—24,84,020	—	—	—
Total, *Effective Services*	46,01,74,801	42,22,66,000	40,35,20,000	39,67,28,000
Non-Effective Services				
Non-effective charges	5,92,75,452	5,48,27,000	5,64,97,000	5,38,86,000
Exchange on Home Expenditure ..	—	—	—	—
(B.) Auxiliary and Territorial Forces Effective	95,45,770	1,07,54,000	1,01,87,000	1,11,95,000
(C.) Royal Air Force .. Effective	1,10,55,114	1,34,54,000	1,32,58,000	1,29,97,000
Non-Effective	—	—	62,000	5,000
Total	1,10,55,114	1,34,54,000	1,33,20,000	1,30,02,000
Total Expenditure, India — Effective ..	48,07,75,685	44,64,74,000	42,69,65,000	42,09,20,000
Non-effective	5,92,75,452	5,48,27,000	5,65,59,000	5,38,91,000
Total ..	54,00,51,137	50,13,01,000	48,35,24,000	47,48,11,000
England—				
(A.) Standing Army.				
Effective Services.				
Maintenance of the Standing Army ..	3,196,815	2,937,500	2,973,500	2,694,500
Cost of Educational, etc., establishments and working expenses of Hospitals, Depots, etc.	235,000	191,700	252,600	196,500
Army Headquarters, Staff of Commands, etc.	51,168	51,000	42,000	42,000
Stock Account	1,813,415	1,441,300	1,160,500	1,575,900
Special Services	453,622	415,000	800,000	1,050,000
Miscellaneous Charges	740,124	633,500	728,800	638,000
Total, *Effective Services*	6,490,144	5,670,000	5,957,400	6,196,900
Non-Effective Services				
Non-effective charges	3,422,486	3,563,000	3,624,800	3,748,200
(C.) Royal Air Force (Effective)	788,271	486,500	570,600	454,800
	10,700,901	9,719,500	10,152,800	10,399,900
	Rs.	*Rs.*	*Rs.*	*Rs.*
Total Expenditure, England ..	10,70,09,013	9,71,95,000	10,15,28,000	10,39,99,000
Total Expenditure in India and in England .. — Effective ..	55,35,59,841	50,80,39,000	49,22,45,000	48,74,37,000
Non-effective	9,35,00,309	9,04,57,000	9,28,07,000	9,13,73,000
Total ..	64,70,60,150	59,84,96,000	58,50,52,000	57,88,10,000

	Accounts, 1922-3.	1923-24. Budget.	1923-24. Revised.	Budget, 1924-25.
RECEIPTS.				
	Rs.	*Rs.*	*Rs.*	*Rs.*
India .. Effective	3,74,90,393	2,11,55,000	2,53,50,000	1,78,21,000
India .. Non-effective	18,75,003	15,96,000	15,49,000	14,47,000
India .. Total	3,93,65,396	2,27,51,000	2,68,99,000	1,92,68,000
	£	£	£	£
England	900,750	397,800	503,200	467,000
	Rs.	*Rs.*	*Rs.*	*Rs.*
Effective	74,81,527	27,83,000	38,20,000	35,85,000
Non-effective	15,25,970	11,95,000	12,12,000	10,85,000
Total	90,07,497	39,78,000	50,32,000	46,70,000
Total Receipts — Effective	4,49,71,920	2,39,38,000	2,91,70,000	2,14,06,000
Total Receipts — Non-effective ..	34,00,973	27,91,000	27,61,000	25,32,000
Total Receipts — Total	4,83,72,893	2,67,29,000	3,19,31,000	2,39,38,000
Total—Net Expenditure — India	50,06,85,741	47,85,50,000	45,66,25,000	45,55,43,000
Total—Net Expenditure — England	9,80,01,516	9,32,17,000	9,64,96,000	9,93,29,000
Effective ..	50,85,87,921	48,41,01,000	46,30,75,000	46,60,31,000
Non-effective	9,00,99,336	8,76,66,000	9,00,46,000	8,88,41,000
Total. ..	59,86,87,257	57,17,67,000	55,31,21,000	55,48,72,000

In the Revised Estimate for 1923–24, as compared with the Budget provision for that year, increases on account of retention of additional establishments in Waziristan, charges on account of surplus officers of the Indian Army, and higher non-effective charges, were more than counterbalanced by savings due mainly to shortages and reductions in establishments, increase in credits from consumption or disposal of surplus stores, savings in proficiency pay of British soldiers due to fewer recipients, reduction of British cavalry and artillery units which had effect during a portion of the year, and the fall in prices of foodstuffs.

The Budget for 1924–25 includes (under Expenditure in England) £800,000 for the retirement of surplus officers of the Indian Army and £250,000 for payment to the War Office of the balance of their claim in regard to exchange concession on war gratuities of British officers and soldiers.

The net expenditure on Military services provided for in the Budget of 1924–25 is greater than the Revised Estimate for 1923–24 by Rs.50·81 lakhs.

APPENDIX II. (*a*).

HOME CHARGES.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1922-23.	Revised Estimate, 1923-24.	Budget Estimate, 1924-25.
	£	£	£
Direct demands on the Revenues :—			
Stores for India	187,877	39,500	55,900
Leave Allowances and Miscellaneous	72,689	80,000	67,800
Railway Revenue Account :—			
Interest	6,380,147	6,414,700	6,473,700
Sinking Funds	307,352	327,300	345,100
Annuities	3,357,716	3,357,500	3,335,700
Government share of Surplus Profits	*119,542*	*124,500*	*146,500*
Leave Allowances and Miscellaneous	153,511	155,700	185,100
Irrigation Revenue Account :—			
Interest on Debt	——	—	—
Leave Allowances	1,825	9,850	9,700
Posts and Telegraphs :—			
Indian Postal and Telegraph Department : Stores for India	381,485	281,000	265,000
" " " Leave Allowances and Miscellaneous	25,693	56,900	53,300
Indo-European Telegraph Department	*137,954*	*157,600*	*9,700*
Debt Services :—			
Interest on Ordinary Debt (less interest realised from investment of Cash Balance).	2,754,399	4,159,300	4,713,200
Interest, Discount, etc., on Gold Standard Reserve credited to Revenue	—	*1,252,400*	*1,420,400*
Liability assumed in respect of British 5 per cent. War Loan, 1929–47 : Interest	1,009,967	985,400	963,300
Liability assumed in respect of British 5 per cent. War Loan, 1929-47 : Sinking Fund	500,000	442,600	464,700
Commission and Underwriting on Issue of India Stock during the year	483,569	292,000	—
Bank of England and Bank of Ireland for Management of Debt	105,676	102,000	79,300
Civil Administration :—			
Home Administration :—			
India Office : Salaries and Contingencies	278,493	234,300	231,200
High Commissioner's Office, Salaries and Contingencies	174,448	146,000	146,000
Audit Office : Salaries	14,015	12,900	13,600
Contribution by His Majesty's Treasury in respect of the Administrative Expenses of India Office.	*113,500*	*153,500*	*153,500*
Payments on account of Departments in India :—			
Stores for India	59,787	38,800	46,400
Leave Allowances and Miscellaneous	270,739	370,900	358,200
Currency Mint and Exchange :—			
Interest on Paper Currency Reserve Investments	*147,010*	*145,700*	*348,800*
Stores for India	389,074	405,300	215,600
Leave Allowances and Miscellaneous	8,158	10,300	10,800
Civil Works :—			
Stores for India	2,137	2,300	1,900
Leave Allowances and Miscellaneous	9,855	10,000	10,300
Miscellaneous :—			
Territorial and Political Pensions	11,563	12,400	11,500
Civil Superannuation Allowances and Pensions (including Home Establishment Pensions).	2,078,264	1,999,500	1,950,600
Contribution to the Secretariat of the League of Nations	43,747	77,000	70,000
Earnings of Enemy Ships	—	*1,675,000*	*175,000*
Profit on Sale of Gold	—	*257,000*	—
Other Miscellaneous Charges	46,708	51,300	133,100
Stationery and Printing :—			
Stores for India	126,000	176,700	60,000
Expenditure at the India Office and the High Commissioner's Office, Leave Allowances, etc.	21,630	19,100	18,500
Military Services (Army, Marine and Air Force)			
Home Charges of British Forces serving in India (less receipt from the War Office on account of Aden)	1,763,730	1,872,000	1,665,000

Net Expenditure.	Accounts, 1922–23.	Revised Estimate, 1923–24.	Budget Estimate, 1924–25.
Military Services (Army, Marine and Air Force) *continued*—	£	£	£
Sea Transport Charges (less receipt of £130,000 from the War Office).	647,659	565,800	511,000
Unemployment Insurance	177,258	86,000	80,000
Contribution to the expenses of His Majesty's Ships in Indian Seas.	100,039	100,000	100,000
Furlough Pay	811,439	648,300	589,700
Stores	2,446,855	1,749,400	1,974,100
Marriage Allowances and Allotments	590,692	506,000	506,000
Gratuities to Surplus Officers of Indian Army	465,865	801,300	800,000
Lump Sum Composition on account of War Liabilities	*290,000*	—	—
War Gratuities Exchange Concession	—	—	250,000
Other Effective Charges	199,075	109,400	53,800
Retired Pay of British Forces for Service in India	1,068,000	1,130,000	1,292,000
Retired Pay: Indian Services	1,854,871	2,013,200	2,004,800
Family and Miscellaneous Pensions	382,495	413,800	403,500
Total	28,956,496	26,500,050	28,265,500
Expenditure by Secretary of State	23,023,151	21,396,600	23,277,500
" " High Commissioner	5,933,345	5,103,450	4,988,000
Total	28,956,496	26,500,050	28,265,500

Expenditure in England not charged on the Revenue of the year :—

Expenditure.	Accounts, 1922–23.	Revised Estimate, 1923–24.	Budget Estimate, 1924–25.
	£	£	£
Capital outlay on State Railways	9,868,149	10,775,200	30,068,400*
" " Irrigation Works	95	200	—
New Capital at Delhi	179,037	73,100	53,800
Total	10,047,281	10,848,500	30,122,200
Expenditure by Secretary of State	7,555,225	8,978,500	27,017,700
" " High Commissioner	2,492,056	1,870,000	3,104,500
Total	10,047,281	10,848,500	30,122,200

* Including £18,500,000 East Indian Railway Debenture Stock for which the Secretary of State incurs a liability on termination of the Company's contract.

APPENDIX II. (*b*).

RAILWAYS.

(*i*). *Route Mileage and Traffic (including railways outside Government accounts).*

Length of railways open in India on 31st March, 1922	37,265 miles
Additional mileage opened in 1922–23	381·69 "
Length of railways open in India on 31st March, 1923, after allowing for corrections due to realignments, etc.	37,618 "

		1921–22.	1922–23.
Number of passengers carried		569,684,300	572,695,400
Earnings from passengers carried	*Rs.*	34,29,32,000	37,59,22,000
Weight of goods traffic in tons		90,142,000	93,704,000
Earnings from goods tonnage	*Rs.*	49,05,81,000	57,87,55,000

(ii). Capital at Charge and Net Revenue Receipts.

Class and Name of Railway.	Capital at Charge on 31st March, 1923.	Net Revenue Receipts, 1922–23.	Percentage of Net Revenue Receipts on Capital at Charge.
State Railways worked by the State :—	*Rs.*	*Rs.*	
Aden Railway	14,04,837	—62,739	—4·46
Delhi New Capital Railway Works Scheme	42,25,444	—	—
Eastern Bengal	40,76,43,502	83,73,298	2·05
North-Western :—			
Commercial—			
Main Line	77,98,02,248	2,88,26,082	3·69
Laki Pezu Tank	35,28,632	—	—
Military :—			
Main Line	19,96,15,838	—67,07,641	—3·36
Nushki Extension	3,12,08,540	—	—
Kaur Khirgi	14,79,377	—	—
Tank Murtaza	18,38,219	—	—
Frontier Railway Reserve	51,70,448	—	—
Khyber	1,39,39,191	—	—
Oudh and Rohilkhand	25,33,26,940	1,23,28,111	4·86
State Railways worked by Companies or by Indian States :			
Assam-Bengal	18,41,86,524	28,29,023	1·54
Bengal-Nagpur	57,16,21,237	3,27,53,888	5·73
Bezwada Extension	13,95,989	1,78,654	12·79
Bombay, Baroda and Central India	54,20,93,329	3,51,02,756	6·47
Dholka-Dhanduka	21,08,305	—	—
Burma Railways (including Extension)	23,46,71,845	1,63,01,594	6·94
East Indian	80,71,64,272	5,54,36,686	6·86
Great Indian Peninsula	77,31,48,602	3,53,06,966	4·57
Agra-Delhi Chord	1,50,77,364	12,76,256	8·46
Baran-Kotah	49,59,057	97,482	1·96
Bhopal	45,32,148	3,25,642	7·19
Cawnpore-Banda	82,09,700	96,140	1·17
Jodhpur-Hyderabad	48,36,077	1,32,822	2·75
Lucknow-Bareilly (Rohilkhand and Kumaon)	1,62,54,024	16,54,374	10·18
Madras and Southern Mahratta	41,92,43,300	2,54,14,628	6·06
Dhone-Gurnool	10,18,342	62,650	6·15
South Indian	19,27,04,723	1,45,35,861	7·54
Coonoor Gotacamund	49,29,326	—	—
Tinnevelly-Quilon (British Section)	44,07,126	5,84,053	3·29
Tinnevelly-Quilon (Indian State Section)	1,33,57,260		
Tirhoot (Bengal and North-Western)	8,52,78,159	77,51,307	9·09
	5,59,43,74,945	27,25,98,093*	4·87
Stores, abandoned projects, etc.	1,81,97,687	—	—
Total	5,61,25,72,632	27,25,98,093*	4·86

* Differs from figure of "Working Profit" shown in table on page 14, which takes into account "Miscellaneous Receipts" and "Payments on account of Surplus Profits."

APPENDIX II. (*c*).

SEA-BORNE TRADE.

(*i*). *Summary of Sea-borne Trade.*

——	1921–22.	1922–23.	1923–24.
On Private Account.			
	Rs.	*Rs.*	*Rs.*
Exports of Merchandise	2,45,44,35,012	3,14,32,52,598	3,61,67,08,568
Imports of Merchandise	*2,66,34,63,422*	*2,32,70,76,893*	*2,27,62,65,006*
Net Exports *or Imports* of Merchandise	*20,90,28,410*	81,61,75,705	1,34,04,43,562
Net Imports or Exports *of Gold*	2,79,23,299	*41,18,06,774*	*29,18,64,015*
Net Imports or Exports *of Silver*	*14,94,88,219*	*18,17,66,295*	*18,38,13,902*
Net Imports or Exports *of Currency Notes*	*	*90,54,670*	*1,08,08,831*
Net Imports of Treasure	*12,15,64,920*	*60,26,26,739*	*48,64,86,748*
Net Exports *or Imports* of Merchandise and Treasure on Private Account.	*33,05,93,330*	21,35,48,966	85,39,56,814
Government Transactions.			
Imports of Merchandise	*16,25,12,031*	*13,48,47,216*	*9,54,53,859*
Exports of Merchandise	3,21,41,094	1,74,64,317	1,46,54,788
Net Imports of Merchandise	*13,03,70,937*	*11,73,82,899*	*8,07,99,071*
Net Imports or Exports *of Gold*	7,21,128	*1,02,772*	—
Net Imports of Silver	*14,73,590*	*17,80,361*	*31,66,185*
Net Imports of Currency Notes	*	*11,14,379*	*56,55,123*
Net Imports of Treasure	*7,52,462*	*29,97,512*	*88,21,308*

* Currency notes not recorded prior to 1922–23.

(*ii*). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately.*

——	1921–22.	1922–23.	1923–24.
A. *On Private Account.*			
I. Food, Drink and Tobacco :—	*Rs.*	*Rs.*	*Rs.*
A. Fish (excluding canned fish)	18,77,064	24,29,949	29,66,906
B. Fruits and Vegetables	1,68,00,317	1,83,57,258	1,70,79,994
C. Grain, Pulse and Flour	9,35,58,903	54,32,031	43,89,626
D. Liquors	3,37,20,051	3,00,93,579	2,72,14,475
E. Provisions and Oilman's Stores	2,70,36,255	2,77,30,379	2,80,79,662
F. Spices	1,92,59,480	2,45,34,648	2,58,77,550
G. Sugar	27,50,28,258	15,48,89,968	15,45,06,457
H. Tea	55,39,983	45,52,265	82,26,291
I. Other Food and Drink	1,69,67,853	1,93,87,376	1,29,57,093
J. Tobacco	1,65,05,763	2,25,67,007	2,26,18,495
Total, Class I.	50,62,93,927	30,99,74,460	30,39,16,549
II Raw Materials and Produce and articles mainly unmanufactured :—			
A. Coal	5,78,01,678	3,08,92,733	1,65,85,004
B. Other Non-metallic mining and quarry products and the like	1,15,19,040	2,62,69,383	2,19,80,062
C. Fodder, Bran and Pollards	80,256	96,798	72,559
D. Gums, Resins and Lac	41,00,398	57,95,251	51,74,989
E. Hides and Skins, raw or undressed	9,81,734	9,77,183	15,50,255
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	8,67,489	1,25,458	7,27,341
G. Oils—Vegetable, Mineral and Animal	7,56,14,065	7,00,15,669	8,64,75,312
H. Oilcakes of all kinds	18,878	10,446	12,522
I. Paper making materials	43,67,918	24,25,837	20,45,708
J. Rubber, raw or crude	3,037	421	45,811
K. Seeds, including nuts for oils	16,73,386	4,54,157	5,64,339
L. Tallow, Stearine and Wax	21,25,857	27,21,058	27,04,637
M. Cotton, raw and waste	3,44,30,736	1,73,41,612	2,50,82,208
N. Jute, raw	2,886	6,200	1,17,047
O. Silk, raw and waste	1,35,22,974	1,60,32,645	1,21,99,609
P. Wool, raw	9,11,710	13,04,629	40,54,840
Q. Other Textile Materials	8,68,625	5,65,291	6,62,042
R. Wood and Timber	86,33,292	49,18,264	38,33,675
S. Miscellaneous	58,82,787	58,06,491	53,71,028
Total, Class II.	22,34,06,746	18,57,59,596	18,92,58,988

(ii). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately*—continued.

——	1921–22.	1922–23.	1923–24.
A. *On Private Account (continued).*			
III. Articles wholly or mainly manufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Apparel	1,28,03,926	1,27,14,290	1,66,69,495
B. Arms, Ammunition and Military Stores ..	70,10,666	62,82,839	64,63,449
C. Chemicals, Drugs and Medicines	3,74,56,614	3,92,04,651	4,12,37,482
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	7,87,17,505	6,73,48,356	5,91,02,532
E. Dyes and Colours	4,49,09,858	4,23,20,363	4,29,56,664
F. Electrical Goods and Apparatus (other than Machinery)	4,06,34,401	2,15,85,597	2,25,92,130
G. Furniture, Cabinetware and Manufactures of Wood and Timber	54,28,986	25,85,855	45,51,072
H. Glassware and Earthenware	3,02,02,026	3,40,46,571	3,17,27,228
I. Hides and Skins, tanned or dressed, and Leather.	66,42,567	52,39,343	52,32,121
J. Machinery of all kinds, including Belting for Machinery.	35,49,21,092	24,41,08,552	20,22,69,778
K. Metals, Iron and Steel, and Manufactures thereof.	21,05,99,511	18,36,12,356	17,91,06,235
L. Metals, other than Iron and Steel, and Manufactures thereof.	5,05,14,863	6,91,87,914	6,39,79,719
M. Paper, Pasteboard and Stationery	3,25,48,789	3,70,41,196	3,60,14,076
N. Railway Plant and Rolling Stock	18,91,06,135	11,05,80,847	11,72,46,081
O. Rubber Manufactures	1,54,35,372	1,80,19,646	1,67,96,394
P. Vehicles (excluding Locomotives, etc., for Railway)	4,41,53,282	3,42,56,501	4,34,09,478
Q. Cotton Yarns and Manufactures	56,93,80,548	70,13,02,032	67,48,45,758
R. Jute „ „	19,84,191	16,79,300	20,81,959
S. Silk „ „	2,98,70,549	3,16,54,472	3,40,16,996
T. Woollen „ „	1,22,86,854	1,51,56,436	2,44,09,761
U. Other Yarns and Textile Fabrics	1,07,79,630	1,60,62,820	2,55,78,821
V. Miscellaneous	10,52,53,742	10,00,47,887	9,64,01,949
Total, Class III.	1,89,06,41,107	1,79,40,37,824	1,74,66,63,178
IV. Living Animals.—			
A. Horses..	19,98,060	24,53,585	17,98,194
B. Other Living Animals	1,43,109	1,29,048	1,88,799
Total, Class IV.	21,41,169	25,82,633	19,86,993
V. Postal Articles not specified	4,09,80,473	3,47,22,450	3,44,19,298
Total value of Imports of Merchandise on Private Account	2,66,34,63,422	2,32,70,76,893	2,27,62,65,006
B. *Government Stores* (*a*)	16,25,12,031	13,48,47,216	9,54,53,859
Grand Total, Imports of Merchandise	2,82,59,75,453	2,46,19,24,109	2,37,17,18,865

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately.*

——	1921–22.	1922–23.	1923–24.
A. *On Private Account.*	*Rs.*	*Rs.*	*Rs.*
I. Food, Drink and Tobacco :—			
A. Fish (excluding Canned Fish)	60,35,208	54,25,327	62,83,973
B. Fruits and Vegetables	63,23,260	63,11,819	71,78,497
C. Grain, Pulse and Flour	29,98,97,517	42,47,63,223	50,87,14,693
D. Liquors	18,569	49,418	17,595
E. Provisions and Oilman's Stores	70,66,738	60,91,640	60,34,850
F. Spices	1,09,35,539	1,09,79,949	1,10,85,985
G. Sugar	24,86,690	10,48,839	96,97,444
H. Tea	18,22,01,913	22,04,00,383	31,62,08,389
I. Other Food and Drink..	1,39,24,522	1,24,74,230	1,57,64,597
J. Tobacco	71,30,790	82,67,812	1,02,97,301
Total, Class I.	53,51,20,746	69,58,12,640	89,12,83,324

(*a*) Values for 1921–22 and 1922–23 have been recalculated on basis of average rate of exchange for each year, and values for 1923–24 have been calculated uniformly at the current rate of exchange.

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

——	1921-22.	1922-23.	1923-24.
A. On Private Account.			
II. Raw materials and produce and articles mainly unmanufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Coal	15,32,320	14,73,200	22,29,816
B. Other Non-Metallic mining and quarry products and the like	64,91,082	62,35,975	1,07,13,342
C. Fodder, Bran and Pollards	1,14,59,913	1,26,25,569	1,28,45,974
D. Gums, Resins and Lac	7,93,67,860	10,37,27,584	9,18,94,195
E. Hides and Skins, raw or undressed	5,98,13,988	5,70,60,201	7,10,59,529
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	1,70,24,468	2,26,13,442	2,32,97,340
G. Oils—Vegetable, Mineral and Animal	2,84,34,462	3,19,81,409	2,63,50,471
H. Oilcakes of all kinds	1,36,56,732	1,72,22,985	1,94,09,852
I. Paper-making Materials	2,556	1,251	790
J. Rubber, raw or crude	77,16,072	72,50,093	1,14,46,018
K. Seeds, including nuts for oils	17,40,69,414	27,35,38,362	29,81,71,643
L. Tallow, Stearine and Wax	9,13,304	8,75,505	22,42,030
M. Cotton, raw and waste	54,49,07,520	72,07,18,919	99,59,33,038
N. Jute „ „	14,04,91,597	22,52,84,639	20,00,06,328
O. Silk „ „	26,28,546	38,17,258	50,21,392
P. Wool „ „	2,54,46,095	4,41,43,267	3,17,48,608
Q. Other Textile Materials	39,48,896	61,07,816	76,54,282
R. Wood and Timber	58,61,969	94,02,714	1,24,67,022
S. Miscellaneous	1,76,53,799	2,10,63,803	2,55,15,969
Total, Class II.	1,14,14,20,593	1,56,51,43,992	1,84,80,07,639
III. Articles wholly or mainly manufactured :—			
A. Apparel	31,25,343	37,52,933	29,94,494
B. Arms, Ammunition and Military Stores	191	3,532	10,961
C. Chemicals, Drugs and Medicines	2,85,82,113	3,07,51,884	3,25,29,085
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	9,46,588	9,28,322	14,50,983
E. Dyes and Colours	1,33,19,774	1,20,69,826	1,35,64,913
F. Electrical Goods and Apparatus (other than Machinery)	—	—	—
G. Furniture, Cabinetware, and manufactures of wood and timber	11,87,876	8,84,723	7,96,996
H. Glass and Earthenware	2,37,435	3,95,853	2,88,616
I. Hides and Skins, tanned or dressed, and Leather	4,03,36,813	5,16,07,178	6,00,76,699
J. Machinery of all kinds, including belting for machinery	50,991	47,038	1,20,951
K. Metals, Iron and Steel, and manufactures thereof	56,58,533	93,92,890	1,30,70,535
L. Metals, other than Iron and Steel, and manufactures thereof	1,28,56,878	1,63,62,350	2,14,56,760
M. Paper, Pasteboard and Stationery	2,58,816	1,03,188	1,14,000
N. Railway Plant and Rolling Stock	6,67,793	2,34,541	2,53,731
O. Rubber manufactures	4,435	9,331	45,944
P. Vehicles (excluding locomotives, etc., for Railways)	45,952	91,710	63,728
Q. Cotton, yarns and manufactures	15,65,07,166	13,06,21,869	10,95,49,068
R. Jute „ „ „	29,99,57,186	40,49,41,510	42,28,35,890
S. Silk „ „ „	2,96,069	2,42,956	4,27,054
T. Woollen „ „ „	71,31,650	98,41,387	82,62,940
U. Other yarns and textile fabrics	5,30,475	6,29,599	7,05,406
V. Miscellaneous articles, wholly or mainly manufactured	3,12,53,586	3,16,54,491	3,07,15,730
Total, Class III.	60,29,55,663	70,45,67,111	71,93,34,484
IV. Living Animals :—			
A. Horses	95,045	1,10,785	55,510
B. Cattle	16,74,382	8,28,912	8,78,804
C. Sheep and Goats	12,64,322	11,25,513	13,92,741
D. Other living animals	2,58,652	2,63,334	3,32,789
Total, Class IV.	32,92,401	23,28,544	26,59,844

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

——	1921–22.	1922–23.	1923–24.
	Rs.	*Rs.*	*Rs.*
V. Postal Articles	3,10,11,484	2,37,67,035	2,46,75,646
Total Value of Exports of Merchandise on private account.	2,31,36,00,887	2,99,16,19,322	3,48,59,60,937
B. *Government Stores*, Exports	2,29,26,924	1,19,01,479	1,27,69,768
Total Exports of Indian Merchandise	2,33,67,27,811	3,00,35,20,801	3,49,87,30,705
C. *Re-exports*—On Private Account ..	14,06,34,125	15,76,33,276	13,07,47,631
Government Stores ..	92,14,170	55,62,838	18,85,020
Total re-exports	14,98,48,295	15,71,96,114	13,26,32,651
Grand Total, Exports of Merchandise	2,48,65,76,106	3,16,07,16,915	3,63,13,63,356

(iv). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin.*

Note.—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1921-22.	1922-23.	1923-24.
British Empire :—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	1,50,92,06,267	1,40,04,57,405	1,31,60,45,870
Aden and Dependencies	81,67,866	73,20,085	53,50,842
Mesopotamia	91,03,258	1,17,19,037	1,16,26,037
Ceylon	1,37,98,441	1,43,73,244	1,29,61,936
Straits Settlements (including Labuan)	4,07,78,235	4,48,12,596	4,92,31,984
Hong Kong	1,65,55,320	1,45,19,593	1,05,58,550
Egypt*	72,16,357	60,61,145	—
Union of South Africa	1,45,27,842	81,75,862	77,35,256
Mauritius and Dependencies (including Seychelles)	2,17,66,606	1,02,61,568	12,39,819
Zanzibar and Pemba	58,84,189	77,62,951	45,71,576
Kenya Colony	1,75,45,840	1,15,02,272	2,19,06,971
Canada	50,94,615	65,35,697	92,55,527
Australia	9,43,94,275	97,21,604	1,07,03,344
New Zealand	1,40,378	13,377	13,657
Other British Possessions	94,43,003	1,00,15,534	87,69,988
Total—British Empire	1,77,36,22,492	1,56,32,51,970	1,46,99,71,357

* Included in Foreign Countries from 1923-4.

(iv). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin*—continued.

NOTE—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1921–22.	1922–23.	1923–24.
Foreign Countries :—	*Rs.*	*Rs.*	*Rs.*
Russia	4,71,060	1,44,502	15,20,147
Sweden	95,99,871	1,12,64,960	1,32,86,561
Norway	38,15,031	81,79,095	68,05,110
Germany	7,24,55,413	11,88,68,146	11,89,37,022
Holland	2,36,13,387	2,21,94,945	2,28,66,382
Belgium	5,32,93,580	6,31,77,797	5,53,91,176
France	2,23,38,807	1,96,39,719	2,23,06,829
Spain	28,65,721	25,99,292	9,18,972
Switzerland	1,01,89,357	1,09,66,780	1,62,08,627
Italy	2,00,31,144	2,10,43,057	2,74,52,417
Austria	19,83,982	29,47,931	75,61,428
Hungary	30,035	11,770	42,59,513
Turkey, Asiatic	36,354	3,556	2,19,240
Arabia	62,98,868	75,88,990	76,06,400
Persia	1,65,62,937	1,75,29,869	1,79,56,804
Java	23,71,10,672	12,88,74,724	14,03,38,964
Borneo (Dutch)	64,18,796	59,18,514	1,07,32,081
Siam	58,07,741	33,95,023	23,49,789
China (exclusive of Hong Kong and Macao)	2,59,80,859	2,87,24,422	3,51,95,011
Japan	13,57,96,180	14,42,23,308	13,65,27,619
Egypt*	—	—	51,56,279
*Portuguese East Africa	1,10,83,942	20,66,721	45,62,241
Italian East Africa	13,55,704	22,10,985	18,80,894
United States of America	21,60,84,782	13,17,97,441	12,79,36,421
Other Foreign Countries	66,16,707	1,04,53,376	1,83,17,722
Total—Foreign Countries	88,98,40,930	76,38,24,923	80,62,93,649
Grand Total	2,66,34,63,422	2,32,70,76,893	2,27,62,65,006

(v). *Sea-borne Trade—Analysis of* Exports *of Indian Merchandise on Private Account, showing separately the principal countries of destination.*

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1921–22.	1922–23.	1923–24.
British Empire :—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	46,02,24,591	65,91,43,990	86,81,48,914
Gibraltar	2,15,668	1,87,713	89,466
Aden and Dependencies	1,57,60,459	1,57,87,767	1,36,59,216
Mesopotamia	81,66,252	2,30,80,361	2,13,15,988
Ceylon	11,56,63,885	12,24,39,835	12,65,06,014
Straits Settlements (including Labuan)	7,43,83,359	7,52,21,256	8,29,73,523
Hong Kong	6,30,46,666	6,62,66,815	4,45,90,803
Egypt*	2,04,06,552	3,55,97,896	—
Union of South Africa	1,92,33,109	2,34,45,543	2,09,16,157
Mauritius and Dependencies (including Seychelles)	2,[illegible]9,620	2,34,57,367	1,77,03,764
Zanzibar and Pemba	53,16,166	67,89,973	71,43,674
Kenya Colony	66,65,711	88,63,768	84,76,504
Canada	1,47,01,076	2,19,00,249	2,35,75,749
British West India Islands	18,38,052	43,09,161	61,34,703
Australia and New Zealand	4,53,69,081	6,05,85,144	6,58,41,248
Other British Possessions	2,10,67,058	2,71,36,439	2,22,98,493
Total—British Empire	91,25,64,305	1,17,42,13,277	1,32,93,74,216

* Included in Foreign Countries from 1923–24.

Govt. of Bombay
30-10-25

EAST INDIA: ACCOUNTS AND ESTIMATES 1925-1926.

EXPLANATORY MEMORANDUM

BY THE

UNDER-SECRETARY OF STATE FOR INDIA

Presented to Parliament by Command of His Majesty.

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BOMBAY BRANCH
OF THE
Royal Asiatic Society.

MEMORANDUM

BY THE

UNDER-SECRETARY OF STATE FOR INDIA

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA (Central Government) for 1923-24 and the ESTIMATES for 1924-25 and 1925-26.

I.—INTRODUCTORY.

Separation of Central and Provincial Finances.

The Government of India Act, 1919, was designed *inter alia* to secure a greater measure of independence for Provincial Governments, and to this end provision was made, in the Act and in Rules subsequently published under authority of the Act, for the delimitation of the functions of Government, as between the Government of India and the chief Provincial Governments, and for the definite assignment to each of these Provincial Governments of specific revenues of their own. Effect has been given to these measures of devolution in the nine "Governors' Provinces" viz.: Bengal, Madras, Bombay, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces, Assam and Burma, and in the Province of Coorg. As regards these provinces the functions of Government have been classified as either "central subjects" or "provincial subjects." A general authority to control all matters coming under the latter head, subject to certain expressed provisos, is devolved upon the Local Governments concerned.

The sources of revenue available to Local Governments for the purpose of defraying their administrative charges consist, in the main, of the receipts from the provincial subjects which are revenue-producing, the principal heads being Land Revenue, Irrigation, Stamp Duties and Excise. In addition, a local Government is given a small share in any expansion of Income Tax (otherwise a "central" source of revenue) that may be due to an increase of the total assessed incomes within the Province over that of 1920-21.

When the division of the sources of revenue was made between the Central and Provincial Governments, it was realized that the Central Government would be left insufficiently provided. It was therefore arranged that an annual contribution should be made by eight of the local Governments to the Central Government. The annual contributions fixed at the outset aggregated 983 lakhs of rupees. They were not, except in case of emergency and with the sanction of the Secretary of State, to be subject to increase, and should reduction of the aggregate be found possible, reductions were to be made in fixed proportions from the quotas of the several Provinces. The general policy which it is intended to pursue in the matter is a progressive reduction of provincial contributions with a view to their ultimate cessation.*

* As special measures, the annual contribution of Rs. 63 lakhs by the Province of Bengal has been remitted for a total period of six years with effect from 1922-23, and for the year 1925-26 a reduction of Rs. 50 lakhs in the aggregate has been made in favour of certain provinces. (*See* also page 28).

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The revised financial arrangements outlined above came into force from the 1st April, 1921, as from which date all "provincial" revenue and expenditure ceased to be included in the estimates and accounts of the Central Government. In the case of Coorg the separation was made on 1st April, 1924. The annual volumes of the "Finance and Revenue Accounts of the Government of India," commencing with that for 1921–22, exhibit in separate tables the revenue and expenditure of each of the Provincial Governments as well as that of the Central Government. The Central Government and each Provincial Government issues annually a separate volume containing its own budget estimate for the forthcoming year and revised estimate for the closing year. This Memorandum, however, deals with the Accounts and Estimates of the Central Government only, except where otherwise stated.

SEPARATION OF RAILWAY FINANCE FROM GENERAL FINANCE.

In accordance with a Resolution passed in the Legislative Assembly in September, 1924 (*see* Appendix IIIa), Railway Finance has been separated from the general finances of Government with effect from the year 1924–25.

EXCHANGE ACCOUNTING.

The Government of India's acccounts are now kept in rupees. Since the 1st April, 1920, sterling transactions have, for the purpose of the Accounts and Estimates, been converted into rupees on a uniform basis of 2*s*. to the rupee, equivalent to Rs.10 to the £. The actual market value of the rupee, however, has varied considerably from that rate. As a result, the rupee figure shown for any item of English expenditure (as converted at Rs.10 to the £) does not correctly represent the actual charge incurred in making that expenditure. For instance, when a disbursement of £1,000 is made in England, the amount shown in rupees in the accounts as a disbursement in England will be Rs.10,000. But (at the rate of 1s. 6d. to the rupee assumed for the budget estimate of 1925–26) a disbursement of £1,000 represents a real charge of Rs.13,333. The balance of Rs.3,333 is treated as a disbursement on account of "exchange." The procedure by which this is effected is described in the following paragraph.

All exchange credits or debits arising in respect of remittances and cognate transactions, owing to the remittances, etc., having been effected at rates differing from the conventional "conversion rate," are recorded in the first instance under a suspense head. The exchange credits or debits arising from outlay incurred in England in respect of the various heads of the revenue and capital accounts are included in the respective accounts, being calculated monthly on the basis of the average telegraphic transfer rates (Calcutta on London); and those relating to Provincial Governments are charged against those Governments. The suspense head of account referred to above is then reduced by the totals of these exchange adjustments arising from outlay in England; and it is considered with reference to the circumstances of each year whether the resulting balance should be written off to revenue or kept in suspense against the possibility of opposite results in succeeding years. It was estimated that at the end of 1924–25 a net credit balance of Rs.5,83 lakhs would be held in suspense on this account.

Rates of Exchange for the three years under review.—The average of the daily rates (telegraphic transfer, Calcutta on London) for 1923–24 was Rs.14·5808 to the £. The respective rates assumed for the purpose of compiling the Estimates have been:—

For the Budget Estimate of 1924–25, Rs. 14·3284 to the £ (1s. 4¾d. to the rupee).

For the Revised Estimate of 1924–25, Rs.13·7143 to the £ (1s. 5½d. to the rupee).

For the Budget Estimate of 1925–26, Rs.13·3333 to the £ (1s. 6d. to the rupee).

II.—REVENUE, AND EXPENDITURE CHARGED TO REVENUE.

Gross Revenue and Expenditure.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follows:—

Gross Revenue and Expenditure.	Accounts, 1923–24.	Revised Estimate, 1924–25.	Budget, 1925–26.
	Rs.	Rs.	Rs.
Revenue	1,33,16,63,305	1,34,82,26,000	1,30,67,97,000
Expenditure	1,30,77,63,547	1,30,82,68,000	1,30,43,84,000
Surplus	2,38,99,758	3,99,58,000	24,13,000

In these figures all receipts are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure.

The figures of Gross Revenue just given include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges, the total receipts from the sale of opium, and the receipts of certain spending departments; while the figures of Gross Expenditure include the interest charges of commercial undertakings, and the cost of cultivation and manufacture of opium. This method of compilation may cause the revenue available for administrative purposes and the expenditure on such purposes to appear greater than they really are. A statement of the net revenue and expenditure of the Central Government for the three years under review is therefore given in the table below, which shows the *net* revenue derived from commercial undertakings, after deducting all expenditure including interest charges, and *net* figures under other heads of revenue and expenditure obtained by deducting (1) the cost of cultivation and manufacture of opium from sale receipts, and (2) the receipts of the spending departments from the gross expenditure incurred by them. The cost of the establishments maintained for the collection of revenue is not shown as a deduction from revenue, but as a separate head of expenditure.

Net Revenue.

———	Accounts, 1923–24.		Budget Estimate, 1924–25.		Revised Estimate, 1924–25.		Budget Estimate, 1925–26.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Principal Heads of Revenue :—*								
1. Customs ..	39,69,64,296		45,01,82,000		44,76,44,000		46,35,00,000	
2. Taxes on Income ..	18,23,55,516		18,21,97,000		16,47,26,000		17,34,87,000	
3. Salt	10,01,50,870		9,04,62,000		7,73,78,000		6,95,00,000	
4. Opium ..	1,66,02,095		2,24,52,000		1,30,73,000		1,75,56,000	
5. Other Heads..	2,28,56,225		2,22,32,000		2,08,21,000		2,23,14,000	
		71,89,29,002		76,75,25,000		72,36,42,000		74,63,57,000
II. *Commercial Undertakings :—*								
1. Railways ..	6,44,20,935		4,58,14,000		5,64,35,000		5,23,86,000	
2. Irrigation ..	*—5,88,075*		*—10,38,000*		*—13,03,000*		*—7,37,000*	
3. Posts and Telegraphs ..	70,75,045		1,18,41,000		91,76,000		96,28,000	
		7,09,07,905		5,66,17,000		6,43,08,000		6,12,77,000
III. *Currency, Mint and Exchange :—*								
1. Currency ..	2,11,87,223		2,85,93,000		2,99,05,000		3,26,42,000	
2. Mint	1,79,370		62,000		22,68,000		8,18,000	
		2,13,66,593		2,86,55,000		3,21,73,000		3,34,60,000
IV. *Provincial Contributions and Adjustments*		8,83,55,940		8,99,46,000		8,68,84,000		6,06,40,000
V. *Miscellaneous Civil Receipts* ..		45,89,363		34,10,000		3,67,000		12,24,000
VI. *Extraordinary Items* ..		*—81,30,356*		—		2,55,89,000		13,33,000
Total Net Revenue ..		89,60,18,444		94,61,53,000		93,29,63,000		90,42,91,000

Net Expenditure

	Accounts, 1923–24.		Budget Estimate, 1924–25.		Revised Estimate, 1924–25.		Budget Estimate, 1925–26.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Debt Services* ..		14,16,85,351		15,15,26,000		14,12,45,000		14,57,62,000
II. *Military Services* :—								
1. Army ..	52,18,34,253		55,48,72,000		51,84,75,000		52,45,53,000	
2. Marine ..	71,81,058		76,76,000		64,57,000		73,67,000	
3. Military Engineer Services	3,32,60,052		3,99,52,000		3,83,68,000		3,05,80,000	
		56,22,75,363		60,25,00,000		56,33,00,000		56,25,00,000
III. *Collection of Revenue*		2,85,24,555		3,45,04,000		3,08,05,000		3,48,62,000
IV. *Civil Administration*		8,65,46,016		9,08,27,000		9,56,17,000		10,25,38,000
V. *Miscellaneous Civil Charges* ..		3,97,61,056		4,55,35,000		4,18,12,000		3,70,94,000
VI. *Civil Works* ..		1,33,26,345		1,94,14,000		1,81,15,000		1,58,29,000
VII. *Forest and other Capital Outlay charged to Revenue* ..		—		—		21,11,000		32,93,000
Total Net Expenditure charged against Revenue		87,21,18,686		94,43,06,000		89,30,05,000		90,18,78,000
Surplus		2,38,99,758		18,47,000		3,99,58,000		24,13,000

Accounts, 1923–24.

It will be seen from the tables in pages 6 and 7 that the final accounts for 1923–24 show a surplus of Rs.2,38,99,758, which does not differ considerably from the Revised Estimate of Rs.2,06,07,000 of a year ago, which took into account profits from the control of enemy ships. There has, however, been a saving of Rs.3½ crores in the actual military expenditure as compared with the revised estimate. On the other hand, the whole of the discount charges (Rs.82 lakhs) on the 1923 Rupee Loan has been brought to charge against revenue in the accounts of 1923–24; and also certain items of loans and advances to the Persian Government incurred before and during the Great War, which have hitherto been kept in suspense under "Deposits and Advances." The liability of the Persian Government for the repayment of these loans and advances is not affected by this book adjustment.

Revised Estimate, 1924–25.

The Revised Estimate of 1924–25 shows a surplus of Rs.3,99,58,000 as compared with a budgetted surplus of Rs.18,47,000. This improvement is mainly attributable to the substantial savings in Military Expenditure, savings in Exchange, improved gross Customs receipts, the increase in the contribution of Railways to general revenues and a further windfall on enemy ships account. These improvements more than counterbalance reductions in revenue under Taxes on Income, Salt and Opium and the refunds of Customs duties to Company-managed Railways.

The increases and decreases as compared with the Budget Estimate were, in detail, as follows :—

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Extraordinary Items	2,55,89,000	Taxes on Income ..	1,74,71,000
Railways	1,06,21,000	Salt	1,30,84,000
Mint	22,06,000	Opium	93,79,000
Currency	13,12,000	Adjustments with Provincial Governments	30,62,000
		Miscellaneous Civil Receipts	30,43,000
		Posts and Telegraphs	26,65,000
		Customs	25,38,000
		Other Heads ..	16,76,000
Total	3,97,28,000	Total ..	5,29,18,000

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Civil Administration	47,90,000	Military Services ..	3,92,00,000
Forest and other Capital Outlay charged to Revenue	21,11,000	Debt Services ..	1,02,81,000
		Miscellaneous Civil Charges ..	37,23,000
		Collection of Revenue	36,99,000
		Civil Works	12,99,000
Total	69,01,000	Total ..	5,82,02,000

Notes on the Heads under which the principal variations occur will be found in Appendix I. (*see* p. 22).

Budget, 1925-26.

In framing the Budget for 1925-26 the Government of India estimated that, after taking into account minor Customs Tariff alterations and allowing for the continuance of the crediting to revenue of the interest on the securities in the Paper Currency Reserve and in the Gold Standard Reserve, and also making provision for the continued remission of Bengal's contribution, there would be a surplus of Rs.324 lakhs, of which Rs.268 lakhs was estimated to be a true recurring surplus. The Government of India have repeatedly announced that their financial policy will be directed to the reduction, and eventual extinction, of the provincial contributions at the earliest possible date, and they have therefore decided, after consulting the Legislature, to utilise Rs.250 lakhs of the true recurring surplus in the remission of provincial contributions, which will be allotted in accordance with the scheme laid down in the Devolution Rules, and also to allot Rs.50 lakhs of the non-recurring surplus among certain Provinces. The allocation of these amounts is detailed on page 28, and, in addition, Bengal's annual contribution of Rs.63 lakhs has been remitted for a further three years.

No additional taxation was proposed, and the rates of Salt duty, Postage, Income Tax and Super Tax remain unchanged. Certain minor amendments have been made in the Customs Tariff. They are not important from the revenue point of view, and are as follows:—The 2½% import duty on grain and pulse has been removed; the Excise and Customs duties on motor spirit have been reduced to a uniform rate of 4 annas per gallon; and healds, reeds, shuttles, and other component parts of looms, are to be charged with an import duty of 2½%, i.e., at the lower rate applicable to component parts of power machinery.

The following reductions were made by the Legislative Assembly in the course of the voting of the demands for grants:—

Expenditure charged to Revenue.

Demand.	*Rs.*
1. Railway Board	78,100
4. Working Expenses: Administration	39,00,100
5. Working Expenses: Operation and Maintenance ...	35,00,000
16. Customs	77,000
17. Taxes on Income	100
18. Salt	100
19. Opium	100
20. Stamps	17,00,000
28. Executive Council...	62,000

Expenditure charged to Capital.

Demand.	*Rs.*
8. Railways: Open line works ...	20,00,000

Of these, the Governor General in Council has, under section 67A(7) of the Government of India Act, decided to restore the reductions under demands Nos. 16 and 28 and also Rs.10,00,000 out of the reduction of Rs.20,00,000 under demand No. 8. For the rest it is considered that an allowance should be made for supplementary grants in respect of reductions under demands Nos. 1, 4, 5, 8 and 20 as follows:—

Expenditure charged to Revenue.

Demand.	*Rs.*
1. Railway Board	40,000
4. Working Expenses: Administration	39,00,000
5. Working Expenses: Operation and Maintenance ...	35,00,000
20. Stamps	17,00,000
	91,40,000

Expenditure charged on Capital.

Demand.	*Rs.*
8. Railways: Open line works ...	10,00,000

In the Budget, as finally passed, the Net Revenue and Expenditure were estimated as follows:—

	Rs.
Net Revenue	90,42,91,000
Net Expenditure	90,18,78,000
Surplus	24,13,000

As compared with the Revised Estimate for 1924–25, these figures show a decrease of Rs.2,86,72,000 in net revenue, a decrease of Rs.3,75,45,000 in net expenditure, and an estimated surplus of Rs.24,13,000 as compared with a surplus of Rs.3,99,58,000 in 1924–25.

The increases and decreases in the Budget as compared with the Revised Estimate for 1924–25 in detail are as follows:—

Net Revenue.

Increases.	Rs.	*Decreases.*	Rs.
Customs	1,58,56,000	Adjustments with Provincial Governments	2,62,44,000
Taxes on Income ..	87,61,000	Extraordinary Items	2,42,56,000
Opium	44,83,000	Salt	78,78,000
Currency	27,37,000	Railways	40,49,000
Other Heads	33,68,000	Mint	14,50,000
Total	3,52,05,000	Total ..	6,38,77,000

Net Expenditure.

Increases.	Rs.	*Decreases.*	Rs.
Civil Administration ..	69,21,000	Miscellaneous Civil Charges ..	47,18,000
Debt Services ..	45,17,000	Civil Works ..	22,86,000
Collection of Revenue	40,57,000	Military Services ..	8,00,000
Forest and other Capital Outlay charged to Reserve	11,82,000		
Total	1,66,77,000	Total ..	1,78,04,000

Notes on the Heads under which the principal variations occur will be found in Appendix I. (*See* page 22.)

III.—BURDEN OF TAXATION.

	Accounts, 1923–24.	Budget Estimate, 1924–25.	Budget Estimate, 1925–26.
	Lakhs of Rs.	*Lakhs of Rs.*	*Lakhs of Rs.*
Salt	9,63·97	8,67·42	6,56·65
Stamps	12,71·06	12,92·92	13,24·88
Excise	19,20·47	19,37·49	20,13·82
Customs	39,64·41	44,96·17	46,28·35
Taxes on Income	18,49·12	18,36·58	17,60·37
Registration	1,22·82	1,27·83	1,30·37
Scheduled Taxes	33·13	35·48	31·50
Total (excluding Land Revenue)	101,24·98	105,93·89	105,45·94
Land Revenue	34,62·27	35,70·03	35,17·76
Total (including Land Revenue)	135,87·25	141,63·92	140,63·70
The payment per head, on the assumption that the whole of the taxation is paid by the inhabitants of British India, is :—			
	Rs.	*Rs.*	*Rs.*
(i) exclusive of Land Revenue	4·038	4·204	4·164
(ii) inclusive of Land Revenue	5·419	5·621	5·553

The above figures include both Central and Provincial revenue.

For the purpose of calculating the payment per head, the figures of population have been based on the Census of 1921 (247,003,293), an annual increase of population at the rate of one-half per cent. being assumed.

IV.—DEBT TRANSACTIONS AND CAPITAL EXPENDITURE.

Debt Transactions.

1924–25.

No Sterling Loan was issued in 1924–25.

In July, 1924, the Government of India issued a loan in India, subject to a maximum of Rs.15 crores, in the form of nine-year Bonds at Rs.98¼ per cent. and long term loan, maturing in 1945–55, at Rs.99 per cent., both forms bearing interest at 5 per cent, free of Indian Income Tax.

Conversion facilities were provided for Indian War Bonds, 1925 and 1928, to the long-term loan only.

Arrangements were made for subscriptions to be received simultaneously in India, and in London, but no subscriptions were admissible through the Post Office in India.

The total receipts amounted to Rs.13,21,22,500; Rs.7,27,86,000 being for Nine-year Bonds and Rs.5,93,36,500 for long-term loan. War Bonds 1925 and 1928 included in the subscriptions to the long-term loan amounted to Rs.23,16,800.

In December, 1924, the East Indian Railway came under State management and the Secretary of State took over the liability for the £18,500,000 debenture stock of that Company.

Rs.1·84 lakhs of the Permanent Debt in India was discharged during the year, including Rs.23 lakhs War Bonds converted into the Rupee Loan, 1924.

There was no sale of Treasury Bills to the public in 1924–25. The amount of Bills outstanding on 31st March, 1925, was Rs.49,65 lakhs, which were held by Government on account of the Paper Currency Reserve.

The net receipts from Post Office Cash Certificates, was Rs.470 lakhs.

1925–26.

The Budget provides for a capital outlay of Rs.23 crores on the construction of State Railways, Rs.2·14 crores on Posts and Telegraphs, and Rs.1·55 crores on the new Capital at Delhi; for the discharge in India of:—

Rs.2,03,000 4 per cent. loans;

Rs.11,06,000 5½ per cent. War Bonds, 1920 to 1923, which were not presented for repayment on maturity;

Rs.3,45,00,000 5½ per cent War Bonds, 1925; and

Rs.43,39,000 5 per cent. War Loan 1929–47, and Rs.57,36,000 5 per cent. Income Tax free Loan, 1945–55, by the operation of the Depreciation Fund.

and for the discharge in England of:—

£625,000 Indian Railway debentures;

£2,575,000 Great Indian Peninsula Railway Company Capital Stock on the termination of the contract with the Company; and

£487,700 redemption of liabilities assumed in respect of British 5 per cent. War Loan, 1929–47.

The Budget did not provide for the issue of a Sterling Loan, but it assumed the receipt from a Rupee Loan in India of Rs.12 crores, and net receipts of Rs.5½ crores and Rs.4¼ crores from Savings Bank deposits and Post Office Cash Certificates respectively.

It has since been decided that the balances in India and England should be sufficient to enable the Government of India to dispense with new money from the issue of the Rupee Loan, which is therefore being issued for conversions of short-dated bonds only.

The Rupee Loan was opened on the 13th July, 1925, and will remain open for two months.

It provides for the conversion of 5½% War Bonds, 1925, and 6% Bonds, 1926, into either 5% Income-tax free Loan, 1945–55, or a new issue of 5% Ten-Year Bonds, 1935; and for the conversion of 6% Bonds, 1927, and 5½% War Bonds, 1928, into 5% Income-tax free Loan, 1945–55, only. In exchange for each Rs.100 (nominal value) of bonds converted, tenderers will be given Rs.100 of new loan or bonds, as the case may be, together with a small cash payment varying from Rs.1½ to Rs.7 according to form of conversion effected. Conversions may be effected in India or in London.

On 30th June, 1925, when the Great Indian Peninsula Railway came under State management, the Secretary of State took over the liability for the £3,500,000 Debenture Stock of that Railway Company.

The amount of the permanent and floating public debt of the Government of India (Central Government) outstanding, including debt incurred on behalf of Provincial Governments but excluding the capital value of liabilities undergoing redemption by way of terminable railway annuities is as follows:—

	In India‡	In England*
	Rs.	£
31st March, 1924..	4,10,58,29,109	263,800,652
31st March, 1925 (Revised Estimate) ..	4,19,83,37,109	340,514,739†
31st March, 1926 (Budget Estimate) ..	4,27,23,33,109	342,066,539§

‡Excludes Post Office Cash Certificates and includes Treasury bills issued to the Paper Currency Reserve.

*Includes liability for British Government 5 per cent. War Loan, 1929–47, taken over by India.

†Includes £18,500,000 debenture stock of the East Indian Railway, the liability for which was assumed by the Secretary of State within the year, and the outstanding capital portion of the terminable annuities in purchase of railways.

§Includes £3,500,000 debenture stock of the Great Indian Peninsula Railway, the liability for which will be assumed by the Secretary of State within the year.

The classification of the public debt of the Government of India and Provincial Governments combined is given on page 17.

Railways.

On the 31st of March, 1924, the length of railways in India open for traffic was 38,039 miles, of which 430 miles were opened in the preceding twelve months. The total route mileage under construction at the close of the year was 759 miles. (*See also* App. II. (*b*) (i) page 35.)

The capital expenditure on railways shown in the Government Accounts for 1923-24 and Estimates for 1924-25 and 1925-26, is as follows:

	Accounts, 1923-24.	Revised Estimate, 1924-25.	Budget, 1925-26.
	Rs.	*Rs.*	*Rs.*
(A) Outlay on lines worked by the State and by guaranteed companies:—			
(1) From funds provided by the State† ..	21,82,93,156	13,43,42,286	22,96,66,667
(2) From funds raised through companies or provided from other sources† ..	*—1,02,94,684*	*—58,42,286*	3,33,333
	20,79,98,472	12,85,00,000	23,00,00,000
(B) Deposits of branch line companies ..	1,40,303	17,05,000	10,000
Total ..	*20,81,38,775	*13,02,05,000	*23,00,10,000

* The figures in the above table have been arrived at after allowing for adjustment in respect of exchange.

† Excludes £18,500,000 East Indian Railway Debenture Stock in 1924-25 and £3,500,000 Great Indian Peninsula Railway Debenture Stock in 1925-26, the liability for which was taken over by Government on termination of Companies' contracts.

The following table shows the capital outlay on all State lines up to the end of the year and the net return obtained. (*See* also Appendix II (*b*) (ii) page 36):—

	Accounts, 1923-24.	Revised Estimate, 1924-25.	Budget, 1925-26.
Capital at charge at end of each year (Central Government)	*Rs.* 5,80,54,53,333	*Rs.* 5,93,95,93,403	*Rs.* 6,16,94,76,953
Working profit from railways excluding interest charges ..	32,48,62,301	33,92,17,000	33,55,52,000
Percentage of same to capital at charge ..	5·60%	5·71%	5·44%
Final working profit after meeting interest charges	*Rs.* 6,44,20,935	*Rs.* 9,74,00,000	*Rs.* 8,52,55,000
Percentage of same to capital at charge ..	1·11%	1·64%	1·38%

Posts and Telegraphs

In the Budget for 1925-26 provision has been made of Rs.213½ lakhs for capital outlay on the Indian Postal and Telegraph Department. The corresponding figures for 1924-25 were:—Budget Estimate, Rs.1,74 lakhs; Revised Estimate, Rs.1,65 lakhs.

Expenditure on the New Capital at Delhi.

The capital expenditure incurred, or estimated to be incurred, during the three financial years under review, on permanent works at Delhi, is as follows:—

	Rs.
1923–24 (Accounts)	1,54,73,652
1924–25 (Revised Estimate)... ...	1,37,00,000
1925–26 (Budget Estimate)... ...	1,55,00,000

The total actual capital expenditure incurred up to 31st March, 1924, was Rs.9,56,80,242.

//

Classification of Public Debt.

Immediately prior to 1921–22 the debt of India was classified as (1) Railway Debt, (2) Irrigation Debt, (3) Initial Expenditure on the New Capital at Delhi, (4) Bombay Development Scheme, (5) Ordinary Debt, and (6) Treasury Bills and Short-term loans.

In the table below items (3) and (4) are included under Ordinary Debt.

With effect from 1921–22, the classification has been re-cast, owing to the application of borrowed funds to capital expenditure in the Telegraph Department, and to capital works undertaken by Provincial Governments in exercise of the borrowing powers conferred on them under the Reforms Scheme. The heads under which the debt has been re-cast are as follows:—

(1) Debt debited to Commercial Departments, subdivided into (*a*) Railways, (*b*) Posts and Telegraphs, (*c*) Irrigation, and (*d*) Forests.

(2) Ordinary debt, and

(3) Floating Debt, *i.e.*, Treasury Bills and Short-term loans.

The portion of the Public Debt shown as incurred for Commercial Departments is determined with reference to the actual capital outlay in those departments provided from Government resources, irrespective of whether it has been financed by loans raised by Government or otherwise, *e.g.*, by appropriations from revenue*, deposits or miscellaneous funds. The funds devoted to capital expenditure in any year normally exceed the money raised by loan for the purpose. When this is the case, the adoption of the method explained above for calculating the amount of debt utilised for Commercial Departments results in the increase of the amount of this category of debt and affords *pro tanto* relief to the ordinary (or unproductive) debt, corresponding roughly to the extent to which funds raised otherwise than by borrowing are

* As regards budget provision for reduction or avoidance of debt *see* page 31.

devoted to capital outlay on commercial undertakings. The operation is reversed in any year in which, owing to unfavourable financial conditions, funds obtained by loans are used in the ordinary disbursements of Government.

In the following table, which includes the public debt of the Central and the Provincial Governments, the sterling and rupee debts of India have been combined at the rate of Rs. 10=£1.

	31/3/18.	31/3/19.	31/3/20.	31/3/21.
Debt debited to Commercial Departments:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
(1) Railways	3,30,63,50,600	3,37,55,63,850	3,50,85,85,130	3,77,45,54,938
(2) Irrigation	65,98,76,100	66,73,60,220	67,50,86,770	68,77,12,546
(3) Posts and Telegraphs				
(4) Forest				
Ordinary Debt	42,16,11,910	56,73,55,070	51,12,72,870	31,74,49,724
‡Floating Debt	47,57,05,000	49,24,30,000	52,98,00,000	1,04,93,10,000
*Total	4,88,35,43,610	5,10,27,09,140	5,22,47,44,770	5,82,90,27,208

	31/3/22	31/3/23.	31/3/24.	31/3/25.†
Debt debited to Commercial Departments:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
(1) Railways	3,99,67,52,477	4,18,74,34,019	4,39,17,70,551	5,40,60,25,000
(2) Irrigation	78,00,79,612	81,26,69,476	85,80,79,254	89,74,47,000
(3) Posts and Telegraphs	15,23,64,560	15,89,26,566	16,64,48,126	17,88,34,000
(4) Forest	3,09,239	8,73,542	14,75,175	30,18,000
Ordinary Debt	30,91,44,589	80,06,23,706	96,34,31,714	78,40,14,000
‡Floating Debt	1,11,85,70,000	71,23,90,000	51,77,20,000	49,65,40,000
Total	6,35,72,20,477	6,67,29,17,309	6,89,89,24,820	7,76,58,78,000

† Figures for 31/3/25 are provisional.

‡ The floating debt includes the Treasury Bills held on account of the Paper Currency Reserve, o which the amounts outstanding were as follows:—

31/3/18 ..	*Nil.*	31/3/22 ..	*Rs.* 57,89,00,000
31/3/19 ..	*Rs.* 6,40,00,000	31/3/23 ..	*Rs.* 49,65,00,000
31/3/20 ..	*Rs.* 10,09,00,000	31/3/24 ..	*Rs.* 49,65,00,000
31/3/21 ..	*Rs.* 61,26,00,000	31/3/25 ..	*Rs.* 49,65,00,000

Miscellaneous Liabilities and Assets.

There are also other obligations of the Government of India, including Post Office Cash Certificates (which are treated in the Government of India's Accounts as unfunded debt), Savings Bank balances, Judicial and Departmental deposits, balances of Service Funds, etc., amounting on 31st March, 1925, to Rs.105¾ crores.

On that date, also, the Government of India had lent Rs.10,10,03,073 (net) to Indian States, Corporations, Agriculturists, etc. Other assets included the Gold Standard Reserve, consisting of sterling securities of an estimated value of £39,996,814, and £3,186 in cash; the cash balances in India, Rs.31,73,62,000 and the Treasury balances in England, £13,513,639.*

* The figures in the final sentence are actuals, and hence differ from the "Revised Estimate" figures in the following statement.

V.—GENERAL STATEMENT OF THE RECEIPTS AND DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

The following table shows the opening balances, receipts, disbursements and closing balances, estimated or actual, of the Government of India in 1923–24, 1924–25, and 1925–26.

	Accounts, 1923–24.	Budget, 1924–25.	Revised Estimate, 1924–25.	Budget, 1925–26.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Opening Balance, India	25,95,80,424	29,77,01,424	31,13,62,292	24,26,92,292
Opening Balance, England	(*a*)9,82,19,688	(*b*)7,63,05,688	(*b*)10,38,42,476	(*b*)11,86,63,476
Total Opening Balance	35,78,00,112	37,40,07,112	41,52,04,768	36,13,55,768
RECEIPTS—				
Revenue Surplus	2,38,99,758	18,47,000	3,99,58,000	24,13,000
Capital Contributions by Railway Companies and Indian States towards construction of State Railways	*—1,02,94,684*	*—27,71,65,000*	*—27,65,45,000*	*—4,84,63,000*
Permanent Debt (net incurred)	37,13,70,540	36,85,62,000	30,05,83,000	8,95,14,000
Unfounded Debt (net incurred)	9,80,06,571	7,51,45,000	9,67,35,000	9,80,21,000
Deposits and Advances (net)	7,19,17,040	15,42,67,000	2,48,33,000	8,81,41,000
Loans and Advances by Central Government (net Repayments)	—	6,70,000	—	—
Railway Depreciation and Reserve Funds	—	—	6,19,65,000	4,51,94,000
Remittances (net)	—	1,38,000	1,02,57,000	—
Balances of Provincial Governments (net)	3,67,86,092	—	—	31,82,000
Total Receipts	59,16,85,317	32,34,64,000	25,77,86,000	27,80,02,000
Total	94,94,85,429	69,74,71,112	67,29,90,768	63,93,57,768
DISBURSEMENTS—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Construction of State Railways	20,79,98,472	30,00,00,000	12,85,00,000	23,00,00,000
Redemption of liabilities involved in the purchase of Railways	—	—	—	3,43,33,000
Capital Outlay on Indian Postal and Telegraph Department	75,21,560	1,73,95,000	1,64,98,000	2,13,53,000
Construction of Irrigation Works	13,104	—	16,000	27,000
Initial Expenditure on new Capital at Delhi	1,54,73,652	1,47,00,000	1,37,00,000	1,55,00,000
Floating Debt (net Discharged)	19,46,70,000	2,13,00,000	2,12,20,000	—
Loans and Advances by Central Government (net Advances)	3,24,930	—	1,17,01,000	14,79,30,000
Loans between Central and Provincial Governments (net Advances)	10,12,11,803	12,72,62,000	9,39,20,000	(*c*) —
Remittances (net)	70,67,140	—	—	9,65,000
Balances of Provincial Governments (net)	—	3,00,23,000	2,60,80,000	—
Total Disbursements	53,42,80,661	51,06,80,000	31,16,35,000	45,01,08,000
Closing Balance	41,52,04,768	18,67,91,112	36,13,55,768	18,92,49,768
Total	94,94,85,429	69,74,71,112	67,29,90,768	63,93,57,768
DISTRIBUTION OF CLOSING BALANCE—				
Closing Balance, India	31,13,62,292	13,87,36,424	24,26,92,292	13,13,48,292
Closing Balance, England	(*b*)10,38,42,476	(*b*)4,80,54,688	(*b*)11,86,63,476	(*b*)5,79,01,476

(*a*) Of this amount, Rs. 36,584 represents the funds of the Gold Standard Reserve.
(*b*) Of this amount, Rs. 9,414 represents the funds of the Gold Standard Reserve.
(*c*) Replaced from 1925–26 by Advances to Provincial Loans Fund, *see* previous item and page 30.

VI.—GOLD STANDARD RESERVE.

In accordance with the recommendation made by Sir Henry Fowler's Committee, it was decided that, with effect from 1st April, 1900, the net profit from the coinage of rupees should not be treated as Revenue, but should be held as a special reserve, now called the Gold Standard Reserve.

The principal objects for which the Reserve is maintained are (1) to provide funds from which the Secretary of State for India can finance his requirements at times when he cannot conveniently arrange for remittance of funds from India by selling Council drafts on India or otherwise, and (2) to furnish resources against which, in normal times, sterling drafts may, if necessity arises, be sold by the Government of India to remitters in India, with a view to preventing a depreciation of the exchange. The earlier history of the Reserve is described in the Explanatory Memorandum for 1922–23. [Command Paper 1766 of 1922.]

In 1921–22 and 1922–23 the assets of the Gold Standard Reserve in excess of £40,000,000, on the basis of current market prices, were appropriated in reduction of the outstanding fiduciary currency; but from 1923–24, the corresponding assets were appropriated to revenue, and a similar appropriation is proposed for 1925–26.

Statistics, etc., regarding the Gold Standard Reserve.

The total receipts from profit on coinage, interest and discount, and profit by exchange up to 31st March, 1925, were as follows:—

	£
Profits on Coinage—from 1900–01	28,573,606
Interest and discount...	19,744,778
Profit by exchange	194,917
	48,513,301

Of this sum, £1,123,655 has been used for capital expenditure on railways; the remainder, out of which £2,866,217 has been transferred to the Paper Currency Reserve in reduction of created Rupee securities and £2,546,200 has been transferred to Revenue, has been credited to the Reserve. The following table shows the disposal of the sums paid to the Reserve up to 31st March, 1925:—

	£	£
Profits on Coinage paid to Gold Standard Reserve—		
Total Profits realized 1st April, 1900, to 31st March, 1925 ..	28,573,606	
Deduct amount used for Capital Expenditure on Railways ..	*1,123,655*	
		27,449,951
Interest and discount received up to 31st March, 1925	19,744,778	
Profit by exchange ..	194,917	
Profit through appreciation	56,654	
		19,996,349
Profits and Interest paid to Reserve from 1st April, 1900, to 31st March, 1925		47,446,300
Deduct—		
Loss on Sale, Redemption, and Conversion of Securities ..	*2,013,309*	
Transferred to Paper Currency Reserve in reduction of created securities	*2,866,217*	
Transferred to Revenue	*2,546,200*	
Miscellaneous Charges	*20,674*	
		7,446,300
Amount of Reserve on 31st March, 1925 ..		£40,000,000

	£
Sterling Securities held in England (estimated value)..	39,996,814
Cash held in England on account of the Reserve	3,186
...	£40,000,000

The Securities, estimated at £39,996,814 (as shown above), were as follows:—

Securities.	Nominal Value.	Cost Price.	Estimated Value on 31st March, 1925.
	£	£	£
Dominion of Canada Bills.. ..	1,000,000	980,164	983,021
National War Loan	1,991,352	1,958,963	1,962,024
National War Bonds	13,985,000	14,858,557	14,872,446
Treasury Bonds	12,100,000	12,200,289	12,198,968
Treasury Bills	10,040,000	9,942,187	9,980,355
Total ..	39,116,352	39,940,160	39,996,814

The net profit on the Gold Standard Reserve Investments up to 31st March, 1925, is shown below:—

	£	£
Estimated value of securities on 31st March, 1925		39,996,814
Cost price of securities held on 31st March, 1925		39,940,160
Gain through Appreciation		56,654
Loss on sale and redemption of securities ...		2,013,309
Net loss		1,956,655
Miscellaneous charges		20,574
Total of losses and charges		1,977,229
Interest and Discount received up to 31st March, 1925	19,744,778	
Profit by exchange	194,917	
		19,939,695
Net profit on Investments		£17,962,466

VII.—EXCHANGE AND REMITTANCE.

The sales in London by the Secretary of State of Bills and Transfers on India, the purchases of sterling in India by the Government of India and the purchases by the Secretary of State of proceeds of loans raised in London by Indian public bodies during the last ten years, have been as follows:—

Year.	Sale of Bills and Transfers on India by the Secretary of State.	Purchases of Sterling by the Govt. of India.	Purchases by the Secretary of State of proceeds of Loans raised in London by Indian public bodies.	Total.	Average Rate of Exchange per Rupee.
	£	£	£	£	s. d.
1915–16..	20,371,460	—	—	20,371,460	1 4·088
16–17..	33,021,429	—	—	33,021,429	1 4·148
17–18..	34,913,141	—	—	34,913,141	1 4·534
18–19..	22,539,438*	—	—	22,539,438	1 5·499
19–20..	27,524,437†	—	—	27,524,437	1 10·643
20–21..	nil	—	—	nil	—
21–22..	nil	—	—	nil	—
22–23..	2,570,026	70,000	2,126,210	4,766,236	1 4·200
23–24..	8,738,705	13,100,000	1,302,959	23,141,664	1 4·632
24–25..	7,579,162	33,191,000	700,000	41,470,162	1 5·661

* In addition, £3,372,617 Council Bills were sold to Exchange Banks under special conditions at the rate of 1s. 4·16d.

† In addition, £3,701,782 Council Bills were sold to Exchange Banks under special conditions at the rate of 1s. 4·52d.

The sales by the Government of India of immediate and deferred telegraphic transfers on London during the last ten years have been as follows:—

1915–16 .. £4,893,000 Deferred Transfers at 1*s.* $3\frac{11}{16}$*d.*
1916–17 .. *Nil.*
1917–18 .. *Nil.*
1918–19 .. £5,315,000 Transfers at average rate of 1*s.* $5\frac{3}{16}$*d.* the rupee for immediates and 1*s.* $6\frac{1}{32}$*d.* for deferreds.
1919–20 .. £24,544,000 Transfers at average rate of 2*s.* 7·986*d.* the rupee for immediates and 2*s.* 6·009*d.* for deferreds.
1920–21 .. £30,988,000 Transfers at average rate of 2*s.* 2·102*d.* the rupee for immediates and 2*s.* 2·038*d.* for deferreds.
1921–22 .. *Nil.*
1922–23 .. *Nil.*
1923–24 .. *Nil.*
1924–25 .. *Nil.*

VIII.—SEA-BORNE TRADE.

The figures of Exports from, and Imports into, India during 1922–23, 1923–24, and 1924–25, are given in Appendix II (*c*) on pages 37 to 42.

WINTERTON.

India Office,
August 12, 1925.

APPENDIX I.

NOTES ON CERTAIN HEADS OF NET REVENUE AND EXPENDITURE.

NET REVENUE.

Customs.

	Rs.
Accounts, 1923-24	39,69,64,296
Budget, 1924–25	45,01,82,000
Revised Estimate, 1924–25... ...	44,76,44,000
Budget, 1925–26	46,35,00,000

The gross receipts in 1924–25, are 2,72 lakhs more than the Budget.

Most of the tariff heads show an increase over the Budget Estimate; the largest increases are under sugar, cotton piece-goods, excise duty on cotton manufactures and yarn. Decreases have occurred under the heads, tobacco, mineral oils, cutlery and hardware.

The fact that the net revenue is 25 lakhs less than the Budget is mainly due to the refund of Customs Duty of 2,80 lakhs to Railway companies working State lines, the Privy Council having decided that stores imported by them came under the definition of Government Stores which were, previous to the passing of the Sea Customs Act, 1924, passed free of duty.

In framing the Estimates for 1925–26, it has been taken into account that the receipts under certain of the tariff heads were abnormally high in 1924–25. Considerable decreases are expected under import duty on sugar and cotton-piece goods and in the yield from protective duties on iron and steel as protection becomes increasingly effective.

Details of the receipts obtained or expected to be obtained under the respective heads are given in the table below.

SEA CUSTOMS.*	Accounts, 1923–24.	1924–25.		Budget, 1925–26.
		Budget.	Revised.	
Imports :—				
Non-protective Special Duties.	*Rs.*	*Rs.*	*Rs.*	*Rs.*
1. Liquors—				
(*a*) Ale, Beer, Porter, Cider and other fermented Liquors ..	14,08,205	14,40,000	16,50,000	16,50,000
(*b*) Spirits and Liqueurs	2,00,87,898	2,22,00,000	2,20,00,000	2,20,00,000
(*c*) Wines	11,22,709	12,00,000	13,00,000	14,00,000
2. Sugar, all sorts	3,32,23,356	4,55,00,000	5,55,00,000	5,10,00,000
3. Tobacco	1,67,62,852	1,75,00,000	1,48,00,000	1,36,00,000
4. Coal, coke and patent fuel	3,02,436	3,00,000	2,50,000	3,00,000
5. Mineral oils	1,27,78,444	1,45,00,000	1,35,00,000	1,40,00,000
6. Arms, Ammunition and Military Stores	8,20,102	8,40,000	8,00,000	9,00,000
7. Opium	2,505	3,000	3,000	—
8. Cotton yarn and thread	42,74,318	48,00,000	53,00,000	53,00,000
9. Cotton piece-goods	6,16,12,209	6,60,00,000	7,70,00,000	7,30,00,000
10. Matches	1,38,01,105	1,67,00,000	1,30,00,000	1,20,00,000
11. Match Splints and Veneers	—	—		
Duty at 2½ per cent.				
12. Machinery	55,82,634	67,00,000	41,00,000	45,00,000
13. Other articles	1,54,159	2,15,000	1,20,000	2,00,000
Duty at 10 per cent.				
14. Metals—Iron and Steel	1,72,10,679	1,80,00,000	85,00,000	60,00,000
15. Railway plant and rolling stock ..	62,55,778	1,30,00,000	47,00,000	55,00,000
16. Other articles	6,52,684	4,62,000	2,07,000	3,00,000
Duty at 15 per cent.				
17. Articles of Food and Drink (excluding sugar and vinegar)	1,27,44,091	1,40,00,000	1,45,00,000	1,40,00,000
18. Raw materials and articles mainly unmanufactured	65,77,579	71,35,000	64,62,000	66,00,000
19. Articles wholly or mainly manufactured—				
(*a*) Cutlery, hardware, implements and instruments	1,13,50,111	1,35,00,000	1,22,00,000	1,32,00,000
(*b*) Metals other than Iron and Steel	95,58,142	1,00,00,000	1,15,00,000	1,25,00,000
(*c*) Yarns and textile fabrics (other than cotton manufactures) ..	1,03,87,107	1,20,00,000	1,50,00,000	1,40,00,000
(*d*) All other articles wholly or mainly manufactured ..	3,76,32,288	4,00,00,000	4,10,00,000	4,20,00,000
20. Miscellaneous	53,07,068	60,00,000	58,00,000	60,00,000
Duty at 30 per cent.				
21. Motor cars and cycles	74,13,060	80,00,000	80,00,000	80,00,000
22. Silk piece-goods and other manufactures of silk	81,54,421	80,00,000	90,00,000	90,00,000
23. Pneumatic rubber tyres and tubes ..	29,32,782	33,00,000	28,00,000	30,00,000
24. Other articles	96,71,975	1,05,00,000	1,00,00,000	1,05,00,000
Protective Special Duties.				
25. Coal tubs	—	—	2,25,00,000	1,80,00,000
26. Iron and Steel				
27. Railway Track material ..				
Government Stores.				
28. Railway Plant and Rolling Stock imported by State Railways	—	53,50,000	65,00,000	85,00,000
29. Other Stores				
Total Imports	31,77,80,697	36,71,45,000	38,79,92,000	37,69,50,000
30. Export duties—				
(*a*) Hides and skins, raw	25,33,111	25,00,000	25,00,000	25,00,000
(*b*) Jute (raw and manufactured) ..	3,57,80,056	3,60,00,000	3,75,00,000	3,75,00,000
(*c*) Rice	1,18,21,953	1,11,93,000	1,20,00,000	1,15,00,000
(*d*) Tea	50,06,089	49,04,000	50,00,000	50,00,000
(*e*) Government Stores	—	—	8,000	—
31. Sea Customs—Miscellaneous	11,10,286	12,00,000	13,18,000	14,00,000
32. Land Customs	18,67,010	23,00,000	22,00,000	24,00,000
33. Excise Duty on Cotton manufactures	1,56,51,902	1,75,00,000	2,10,00,000	2,15,00,000
34. Excise Duty on Motor Spirit	65,14,434	68,00,000	75,00,000	60,00,000
35. Excise Duty on Kerosene	95,15,917	98,00,000	98,35,000	1,00,00,000
36. Warehouse and wharf rents and Miscellaneous	5,29,335	8,38,000	5,54,000	5,50,000
Grand Total	40,81,10,790	46,01,80,000	48,74,07,000	47,53,00,000
Deduct—Refunds ..	*1,11,46,494*	*99,98,000*	*3,97,63,000*	*1,18,00,000*
Net Total	39,69,64,296	45,01,82,000	44,76,44,000	46,35,00,000

* The rates of duty shown in this column are those for 1925–26.

Taxes on Income.

—	Accounts, 1923–24.	Budget, 1924–25.	Revised Estimate, 1924–25.	Budget, 1925–26.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Excess Profits Duty	19,256	nil	9,000	ni
Super Tax	6,17,13,809	5,71,54,000	4,98,63,000	5,23,29,000
Income Tax	14,10,79,881	13,64,66,000	12,89,84,000	13,33,24,000
TOTAL TAXES ON INCOME	20,28,12,946	19,36,20,000	17,88,56,000	18,56,53,000
Deduct Refunds	*1,79,00,588*	*99,62,000*	*1,20,04,000*	*96,16,000*
TOTAL REVENUE	18,49,12,358	18,36,58,000	16,68,52,000	17,60,37,000
Deduct Share of Provincial Governments under Devolution Rules	*25,56,842*	*14,61,000*	*21,26,000*	*25,50,000*
Revenue of Central Government	18,23,55,516	18,21,97,000	16,47,26,000	17,34,87,000

In 1923–24 the arrears outstanding were reduced by Rs.146 lakhs.

The revised estimate for 1924–25 falls short of the Budget estimate for that year by Rs.174 lakhs, due to decreases in Super Tax Rs.73 lakhs, and Income Tax Rs.75 lakhs, and increases in refunds and shares payable to Provincial Governments of Rs. 20 lakhs and 6 lakhs, respectively.

The Budget estimate for 1925–26 has been put at Rs.87 lakhs higher than the Revised Estimates for 1924–25 in consideration of the fact that the year 1924–25 on the income in which the assessments for 1925–26 are based, has been on the whole a more prosperous year for trade than the previous one.

Salt.	*Rs.*
Accounts, 1923–24	10,01,50,870
Budget, 1924–25	9,04,62,000
Revised Estimate, 1924–25	7,73,78,000
Budget, 1925–26	6,95,00,000

The revised estimate for 1924–25 falls short of the Budget figures for that year by Rs.131 lakhs, owing to the fact that the reduction of the duty from Rs.2–8–0 to Rs.1–4–0 per maund as from 1st March, 1924, had a much more rapid effect than was anticipated. The collections in March, 1924, alone amounted to Rs.2,56 lakhs. Thus part of the increased revenue expected in 1924–25 accrued in the previous financal year.

For 1925–26 the rate of duty remains unaltered and no disturbing factors can be foreseen.

Opium.

—	Accounts, 1923–24.	Budget, 1924–25.	Revised Estimate, 1924–25.	Budget, 1925–26.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Receipts—net revenue	4,24,81,654	4,33,60,000	3,68,30,000	3,55,85,000
Charges—including exchange	*2,58,79,559*	*2,09,08,000*	*2,37,57,000*	*1,80,29,000*
Net receipts	1,66,02,095	2,24,52,000	1,30,73,000	1,75,56 000

Opium is supplied at fixed prices to certain other Governments, principally Malaya, the Netherlands Indies, and Siam; the balance for export is sold by auction at Calcutta. In no case, however, are exports permitted without an import certificate by the Government of the country of import as prescribed by the League of Nations.

Excise opium is supplied to Provincial Governments from the opium factory at Ghazipur according to their indents. In accordance with a new accounts procedure introduced with effect from the 1st April, 1925, the Provincial Governments will pay for the opium when it is supplied to them and will also take over on payment all stocks in treasuries on that date. This change of procedure has resulted in the Excise opium revenue for 1925-26 being abnormally increased by about Rs. 20 lakhs.

Railways.

	Accounts, 1923-24.	Revised Estimate, 1924-25.	Budget Estimate, 1925-26.
REVENUE.			
State Railways—			
(1) Commercial Lines :—			
Gross Receipts	92,94,37,194	97,71,62,000	1,00,71,44,000
Deduct —			
Working Expenses	*59,15,60,185*	*62,00,75,000*	*65,79,37,000*
Surplus Profits paid to Indian States and Railway Companies	*1,14,46,008*	*1,49,00,000*	*1,33,50,000*
Net Receipts	32,64,31,001	34,21,87,000	33,58,57,000
(2) Strategic Lines :—			
Gross Receipts	1,71,15,149	1,85,00,000	1,85,00,000
Deduct :—			
Working Expenses	*1,89,67,892*	*2,17,00,000*	*2,17,25,000*
Net Receipts	*—18,52,743*	*—32,00,000*	*—32,25,000*
Total Net Receipts—Commercial and Strategic Lines	32,45,78,258	33,89,87,000	33,26,32,000
Interest on Depreciation and Reserve Funds	—	—	32,35,000
Subsidized Companies: Government Share of Surplus Profits	23,64,135	29,50,000	30,77,000
Total Revenue	32,69,42,393	34,19,37,000	33,89,44,000
EXPENDITURE.			
Interest Charges :—			
(1) Commercial Lines	25,02,03,968	22,99,59,000	23,81,82,000
(2) Strategic Lines	1,02,37,398	1,18,58,000	1,21,15,000
Total Interest Charges (a)	26,04,41,366	24,18,17,000	25,02,97,000
Other Expenditure	20,80,092	27,20,000	33,92,000
Transferred to Reserve Fund (*b*)	—	4,09,65,000	3,28,69,000
Total Expenditure	26,25,21,458	28,55,02,000	28,65,58,000
Total Payment from Railways to General Revenues	6,44,20,935	5,64,35,000	5,23,86,000
Comprising (*b*) :—			
Contribution	—	5,09,52,000	5,09,52,000
One-third of Excess of Railway Surplus over three crores	—	54,83,000	14,34,000

(*a*) The annual provision for the repayment of capital through the railway annuities and sinking funds, amounting to £1,600,000 approximately, has been excluded from the Railway Revenue Account with effect from the Budget of 1924-25.

(*b*) *See* Appendix IIIa and remarks below.

In accordance with the resolution passed by the Legislative Assembly in September, 1924, (*see* Appendix IIIa) railway finance has been separated from the general finances of the Government of India with effect from 1924-25. The Railways have to meet all

working expenses, including interest charges of commercial lines, and after meeting these charges they have to make a contribution to general revenues equal to 1 per cent. on the capital at charge of the commercial lines in the penultimate year *plus* one-fifth of surplus profits in such penultimate year and one-third of the amount remaining available for transfer to Railway reserves in excess of Rs.3 crores. It has, however, been specially arranged that the calculation of the contribution both in 1924–25 and 1925–26, of 1 per cent. on the capital at charge and one-fifth of surplus profits, shall be based on the actuals for 1923–24.

The net payments due from the Railways to general revenues of the Central Government in 1924–25 and 1925–26, calculated in the manner explained above, are as follows:—

	Revised Estimate, 1924–25.	Budget Estimate, 1925–26.
	Rs.	Rs.
1 per cent. on Capital at charge, commercial lines, 1923–24	5,40,42,520	5,40,42,520
One-fifth of surplus profit, 1923–24	89,99,725	89,99,725
	6,30,42,245	6,30,42,245
Deduct Interest on capital and loss in working of strategic lines	*1,20,90,141*	*1,20,90,141*
Contribution	5,09,52,104	5,09,52,104
One-third of excess of railway surplus over 3 crores	54,82,632	14,34,299
Total payment to general revenues ..	5,64,34,736	5,23,86,403

It will be seen from the foregoing tables and the Net Revenue table on page 6 that the net revenue of the Central Government from the Railways is as follows, viz:—

1923–24 Accounts, Rs.6,44,20,935; 1924–25 Budget, Rs.4,58,14,000; 1924–25 Revised Estimate, Rs.5,64,35,000; and for 1925–26 Budget, Rs.5,23,86,000.

The gains from Commercial lines in the same years are: 1923–24 Accounts, Rs.9,90 41,000; 1924–25 Revised Estimate, Rs.11,24,58,000; and 1925–26 Budget, Rs.10,05,57,000.

The new Railway Depreciation and Railway Reserve Funds are estimated to have closing balances on 31st March, 1926, of Rs.333¼ lakhs and Rs. 738⅓ lakhs, respectively.

The East Indian Railway came under State management on the 31st December, 1924, and the Great Indian Peninsula Railway on the 30th June, 1925.

Posts and Telegraphs.

—	Accounts, 1923-24.	Budget, 1924-25.	Revised Estimate, 1924-25.	Budget, 1925-26.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Indian Postal and Telegraph Department:—				
Gross Receipts	9,90,71,810	10,14,54,000	10,06,87,000	10,41,32,000
Expenditure..	*9,36,51,587*	*9,03,05,000*	*9,16,00,000*	*9,46,51,000*
Net Receipts	54,20,223	1,11,49,000	90,87,000	94,81,000
Indo-European Telegraph Department:—				
Gross Receipts	41,42,511	46,00,000	39,34,000	40,30,000
Expenditure..	*24,87,689*	*39,08,000*	*38,45,000*	*38,83,000*
Net Receipts	16,54,822	6,92,000	89,000	1,47,000
Total Net Receipts—Posts and Telegraphs	70,75,045	1,18,41,000	91,76,000	96,28,000

Indian Postal and Telegraph Department.—The revised estimate of gross receipts in 1924–25 is Rs.8 lakhs less than the original Budget figures. This decrease is, however, only apparent, as against Rs.19 lakhs provided in the Budget for payment to the Provincial Governments as their share of the revenue from unified stamps, 42 lakhs has been so included in the Revised figures, owing to it having been decided to give them additional assignments based on the growth in revenue from General Stamps since 1906, roughly estimated to amount to about Rs.23 lakhs. Excluding this increase in the assignment, the gross receipts are about Rs.15 lakhs better, due partly to trade recovery and partly to the enhancement of charges for certain services.

The increases under Working Expenses of the Postal and Telegraph Department are partly due to pensionary charges estimated on a liability basis and a specific provision for a depreciation fund.

Hitherto the accounts of the Indian Postal and Telegraphs Department have been kept mainly on a cash basis, no credit being taken in its Budget for the value of its services as the agent of Government in carrying out various essential services not directly connected with its primary activities, e.g., Savings Bank, Cash Certificates, Life Insurance, etc. With effect from 1st April, 1925, the accounts have been placed upon a commercial basis, and in the Budget for 1925–26 Rs.24½ lakhs has been credited to the Department in respect of the above services, while provision has also been made for depreciation of assets, interest on capital, pension liability, and similar charges which should legitimately be borne by any commercial concern.

Currency.	*Rs.*
Accounts, 1923–24	2,11,87,223
Budget, 1924–25	2,85,93,000
Revised Estimate, 1924–25	2,99,05,000
Budget, 1925–26	3,26,42,000

The greater part of the net revenue receipts shown under Currency arises from the interest on the securities in the Paper Currency Reserve, and in respect of loans to the Imperial Bank against inland bills of exchange. Under the Indian Paper Currency Act this interest was earmarked for reduction of created securities in the Paper Currency Reserve. This provision has, however, been temporarily suspended since 1921–22 by legislation and the interest credited to revenue.

Provincial Contributions and Adjustments.

—	Accounts, 1923-24.	Budget, 1924-25.	Revised Estimate, 1924-25.	Budget, 1925-26.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Contributions and Assignments	9,20,00,000	9,20,12,000	9,20,12,000	6,20,12,000
Miscellaneous adjustments (*net charges*) ..	*—36,44,060*	*—20,66,000*	*—51,28,000*	*—13,72,000*
Total (net receipts)	8,83,55,940	8,99,46,000	8,68,84,000	6,06,40,000

Contributions.—It was provided by the Devolution Rules, made under Section 45A of the Government of India Act, that in the year 1921–22 contributions of specified amount, and in future years similar contributions or such smaller sums as might be determined by the Governor-General in Council, should be paid by the Local Governments to the Government of India. If for any year the total of the contributions were reduced, reductions should be made in respect of those Local Governments only whose last previous annual contribution should have exceeded the proportion specified below of the smaller sum so determined as the total contribution; and any reduction so made should be proportionate to such excess.

The Government of India have, with the concurrence of the Legislature, made the following remissions of contributions with effect from 1st April, 1925; those of a non-recurring character, being shewn in column 3 of the table.

Name of Province.	Amount remitted (in lakhs of Rupees).		Contribution for 1925-26 (in lakhs of Rupees).
	Recurring.	For one year only.	
Madras	126	—	222
Bombay	—	22	34
Bengal	63*	—	*Nil.**
United Provinces..	56	—	184
Punjab	61	—	114
Burma	7	13	44
Bihar and Orissa ..	—	—	*Nil.*
Central Provinces..	—	9	13
Assam	—	6	9
Total	313	50	620

* For temporary remission of Bengal contribution (Rs. 63 lakhs), *see* footnote on page 3.

In addition to the above Coorg contributes Rs.12,000 annually towards the pay of the Chief Commissioner and his establishment.

Assignments.—In 1924–25 provision was made for assignments to the Provincial Governments on account of customs duty on stores imported by them. In the Budget for 1925–26, similar provision has been made for assignments only to those Provincial Governments which do not receive a recurring remission in their contributions.

Miscellaneous Civil Receipts.

	Rs.
Accounts, 1923–24	45,89,360
Budget, 1924–25	34,10,000
Revised Estimate, 1924–25	3,67,000
Budget, 1925–26	12,24,000

The Accounts figure for 1923–24 includes £256,962 profit on the sale of £2 millions of gold from the Paper Currency Reserve.

The Rs.25 lakhs included in the Budget for 1924–25 on account of the profits from the control of enemy ships, reserved for payment of *ex gratia* grants to private individuals who suffered from enemy action during the war is included in the Revised Estimate of that year under the head of " Extraordinary Receipts."

Extraordinary Receipts.

	Accounts 1923–24.	Budget 1924–25.	Revised Estimate 1924–24.	Budget 1925–26.
	Rs.	Rs.	Rs.	Rs.
Receipts	2,59,65,851	25,00,000	2,55,89,000	38,33,000
Payments	*3,40,96,207*	*25,00,000*	—	25,00,000
Net Receipts ..	*—81,30,356*	—	2,55,89,000	13,33,000

The major revenue head of account " Extraordinary Receipts and Payments " was opened for the first time in 1923–24 to record special receipts and charges of a non-recurring character, which it was considered desirable to distinguish from the ordinary revenue and expenditure of Government.

Of the Rs.259½ lakhs received in 1923–24, Rs.240¾ lakhs represents profits from the control of enemy ships and Rs.18¾ lakhs the sale proceeds, including profit, of German reparation dyes. The expenditure (Rs.341 lakhs) represents the amount of loans and advances to the Persian Government charged off against revenue instead of being kept in suspense under " Deposits and Advances." This book adjustment does not in any way affect the liability of the Persian Government for repayment.

The receipts in the Estimates for 1924–25 and 1925–26 represent further profits from working enemy ships, and the Rs.25 lakhs of expenditure provided in the Budget for 1925–26 is the amount reserved from these profits for payment of *ex gratia* grants to private individuals who suffered from enemy action during the war; originally included in the 1924–25 Budget, it has been continued in the 1925–26 Budget as payment has not yet been made.

Net Expenditure.

Debt Services.

	Accounts, 1923-24.	Budget, 1924-25.	Revised Estimate, 1924-25.	Budget, 1925-26.
	Rs.	Rs.	Rs.	Rs.
Total payments for Interest on Debt ..	35,03,28,027	35,02,90,000	37,35,14,000	38,02,48,000
Deduct amounts chargeable to—				
Salt	—	—	*2,76,000*	*3,38,000*
Railways	*17,56,90,137*	*19,00,69,000*	*21,51,50,000*	*23,36,66,000*
Irrigation	*11,92,750*	*12,41,000*	*12,41,000*	*12,50,000*
Posts and Telegraphs	*63,88,844*	*71,00,000*	*70,75,000*	*69,66,000*
Provincial Governments	*3,75,47,098*	*4,46,08,000*	*4,30,33,000*	—
Provincial Loans Fund	—	—	—	*4,95,34,000*
Total Deductions	*22,08,18,829*	*24,30,18,000*	*26,67,75,000*	*29,17,54,000*
Interest on Ordinary Debt	12,95,09,198	10,72,72,000	10,67,39,000	8,84,94,000
Interest on other Obligations†	3,01,68,301	3,64,06,000	3,46,38,000	4,31,62,000
Reduction or Avoidance of Debt	1,36,67,472	3,95,73,000	3,78,27,000	5,01,50,000
Total	17,33,44,971	18,32,51,000	17,92,04,000	18,18,06,000
Interest Receipts on loans, &c., in India and England	*3,16,59,620*	*3,17,25,000*	*3,79,59,000*	*3,60,44,000*
Net Interest Payments (other than those chargeable to Railways, Irrigation, Posts and Telegraphs, and Provincial Governments)	14,16,85,351	15,15,26,000	14,12,45,000	14,57,62,000

† The nature of these "other obligations" is explained on p. 17.

The increased charges in the Revised Estimate for 1924–25 shewn under this head as compared with the Budget for that year are mainly due to the inclusion therein of the interest portion of the Railway annuities, which was previously debited to the Railways. Excluding this, the Indian portion shows an increase of Rs.13 lakhs over the Budget on account of higher rates of discount for renewal of Indian Treasury Bills in the Paper Currency Reserve and a decrease of Rs.64 lakhs in the English portion, the saving being due to Exchange.

The Revised Estimate for 1924–25 includes, for the first time, Rs.2¾ lakhs as interest chargeable to the Salt Department on capital outlay on the Northern India Salt Works on commercialisation of the accounts.

Provincial Loans Fund.—In accordance with Government of India Resolution of 25th March, 1925 (*see* Appendix III*b*), a Provincial Loans Fund has been established with effect from 1st April, 1925, to systematise the arrangements by which advances are made by the Central Government to the Provincial Governments. Advances to the Provincial Governments, which

were previously made direct to them by the Central Government, are now to be made from the Provincial Loans Fund, which receives advances from the Central Government. As regards advances to Provincial Governments sanctioned prior to the constitution of the Fund, the latter will simply take the place of the Government of India *vis-à-vis* the Provinces. The Fund is charged with interest on the basis of the cost of new borrowing to the Government of India from time to time. Interest so charged in the above table takes the place, as from 1925–26, of that previously charged direct to the Provincial Governments.

Interest on other obligations.—This includes, with effect from 1925–26, interest on the new Railway Depreciation and Reserve Funds and the Posts and Telegraphs Depreciation Fund and a provision (Rs.10 lakhs) for interest payable to Provincial Governments on their surplus balances.

Reduction or Avoidance of Debt.—Government of India Resolution of 9th December, 1924 (*see* Appendix IIIc), introduces, with effect from 1925–26 and for five years, a scheme to stabilise the annual provision from revenue for the reduction or avoidance of debt (which will include certain obligatory payments estimated to amount to Rs.384·42 lakhs in 1925–26) at Rs.4 crores, together with a sum representing one-eightieth of the net amount of new debt contracted since 31st March, 1923. Thus, for 1925–26 the amount so provided is Rs.4 crores plus one-eightieth of Rs.62,00 lakhs = Rs.477·5 lakhs. To this is added, as was done last year, the Customs revenue on State Railway Capital stores (Rs.24 lakhs), making a total provision for reduction or avoidance of debt in 1925–26 of Rs.501·5 lakhs.

Receipts.—The receipts include interest received in England on the balances of the Secretary of State, and in India on loans granted by the Central Government to Indian States and to Railway Companies.

Military Services.

	Accounts, 1923-24.	Budget, 1924-25.	Revised Estimate, 1924-25.	Budget, 1925-26.
	Rs.	Rs.	Rs.	Rs.
Army	52,19,34,253	55,48,72,000	51,84,75,000	52,45,53,000
Marine	71,81,058	76,76,000	64,57,000	73,67,000
Military Engineer Services	3,32,60,052	3,99,52,000	3,83,68,000	3,05,80,000
Total	56,22,75,363	60,25,00,000	56,33,00,000	56,25,00,000

Since 1920–21 there has been a progressive reduction in military expenditure as evidenced by the following figures of net expenditure, the last three years' figures being adjusted on account of the utilization of stocks without replenishment.

	Crores.
1920–21	87·4
1921–22	69·8
1922–23	65·2
1923–24	59·2
1924–25 (Revised Estimate)...	57·4
1925–26 (Budget)	56·9

The accounts of years prior to 1923–24 were affected by abnormal conditions, such as operations on the North-West Frontier and in Waziristan, and have also been disorganised by miscellaneous adjustments of war expenditure, but from the year 1923–24, in which the recommendations of the Retrenchment Committee were carried out, the amounts may be taken as expressive of expenditure on a scale approaching that of a normal post-war establishment.

The details of the Army Charges, which form the most important part of the charges grouped together in the table above, are as follows :—

	Accounts, 1923-24.	1924-25. Budget.	1924-25. Revised.	Budget, 1925-26.
	Rs.	*Rs.*	*Rs.*	*Rs.*
EXPENDITURE.				
India—				
(A.) Standing Army.				
Effective Services.				
Maintenance of the Standing Army ..	28,59,49,583	28,40,46,320	26,95,37,000	27,37,35,360
Cost of Educational, etc., establishments and Working expenses of Hospitals, Depots, etc.	9,02,53,323	8,27,19,750	8,46,28,000	8,24,17,860
Army Headquarters, Staff of Commands, etc.	2,03,41,847	2,05,19,510	2,04,70,000	2,02,73,730
Stock Account	—3,64,03,308	—1,47,38,490	—2,57,04,000	—1,16,69,650
Special Services	1,88,49,069	57,94,780	49,84,000	58,85,280
Miscellaneous Charges	23,47,396	1,83,86,130	2,22,83,000	90,77,420
Unadjusted Expenditure	—13,51,602	—	—	—
Total, *Effective Services*	37,99,86,308	39,67,28,000	37,61,98,000	37,97,20,000
Non-Effective Services				
Non-effective charges	5,74,71,540	5,38,86,000	5,29,51,000	5,11,09,000
(B.) Auxiliary and Territorial Forces Effective	1,05,41,555	1,11,95,000	1,05,45,000	1,09,32,000
(C.) Royal Air Force .. Effective	1,46,13,236	1,29,97,000	1,27,27,000	1,41,11,000
Non-Effective	3,479	5,000	1,000	21,000
Total	1,46,16,715	1,30,02,000	1,27,28,000	1,41,32,000
Total Expenditure, India — Effective ..	40,51,41,099	42,09,20,000	39,94,70,000	40,47,63,000
Non-effective	5,74,75,019	5,38,91,000	5,29,52,000	5,11,30,000
Total ..	46,26,16,118	47,48,11,000	45,24,22,000	45,58,93,000
England—				
(A.) Standing Army.				
Effective Services.	£	£	£	£
Maintenance of the Standing Army ..	2,875,730	2,694,500	2,490,000	2,476,000
Cost of Educational, etc., establishments and working expenses of Hospitals, Depots, etc.	214,700	196,500	298,500	245,700
Army Headquarters, Staff of Commands, etc.	40,665	42,000	47,000	44,000
Stock Account	1,115,552	1,575,900	1,840,800	1,036,700
Special Services	611,573	1,050,000	820,000	1,200,000
Miscellaneous Charges	659,894	638,000	548,800	631,000
Total, *Effective Services*	5,518,114	6,196,900	6,045,100	5,633,400
Non-Effective Services				
Non-effective charges	3,646,984	3,748,200	3,721,000	3,695,300
C.) Royal Air Force (Effective)	519,045	454,800	602,700	554,100
Total Expenditure, England	9,684,143	10,399,900	10,368,800	9,882,800
	Rs.	*Rs.*	*Rs.*	*Rs.*
	9,68,41,434	10,39,99,000	10,36,88,000	9,88,28,000
Total Expenditure in India and in England .. — Effective ..	46,55,12,695	48,74,37,000	46,59,48,000	46,68,38,000
Non-effective	9,39,44,857	9,13,73,000	9,01,62,000	8,80,83,000
Total ..	55,94,57,552	57,88,10,000	55,61,10,000	55,47,21,000

	Accounts, 1923-24.	1924-25. Budget.	1924-25. Revised.	Budget, 1925-26.
RECEIPTS.				
	Rs.	*Rs.*	*Rs.*	*Rs.*
India .. Effective	3,07,32,065	1,78,21,000	3,01,14,000	2,47,91,000
India .. Non-effective	20,91,011	14,47,000	14,93,000	13,09,000
India .. Total	3,28,23,076	1,92,68,000	3,16,07,000	2,61,00,000
	£	£	£	£
England	480,022	467,000	602,800	406,800
	Rs.	*Rs.*	*Rs.*	*Rs.*
Effective	36,00,935	35,85,000	49,63,000	29,93,000
Non-effective	14,99,288	10,85,000	10,65,000	10,75,000
Total	48,00,223	46,70,000	60,28,000	40,68,000
Total Receipts — Effective	3,43,33,000	2,14,06,000	3,50,77,000	2,77,84,000
Total Receipts — Non-effective ..	32,90,229	25,32,000	25,58,000	23,84,000
Total Receipts — Total	3,76,23,299	2,39,38,000	3,76,35,000	3,01,68,000
Total—Net Expenditure — India	42,97,93,042	45,55,43,000	42,08,45,000	42,97,93,000
Total—Net Expenditure — England	9,20,41,241	9,93,29,000	9,76,60,000	9,47,60,000
Effective ..	43,11,79,695	46,60,31,000	43,08,71,000	43,88,54,000
Non-effective	9,06,54,558	8,88,41,000	8,76,04,000	8,56,99,000
Total ..	52,18,34,253	55,48,72,000	51,84,75,000	52,45,53,000

The large reduction Rs.5 crores in the actual net expenditure in 1923–24, as compared with the Budget Estimate of that year, is mainly due to the rapidity with which retrenchments were carried out.

The Revised Estimate for 1924–25 also shows a reduction (Rs.364 lakhs) in net Army expenditure as compared with the Budget provision. The principal items comprising it are as follows:— Shortage in authorised establishments and other economies and retrenchments 170 lakhs, Exchange 67 lakhs, Surplus stores consumed 45 lakhs, decreased payments of gratuities to surplus officers 28 lakhs, and decreased payments to the War Office 26 lakhs.

The Budget figure for 1925–26 contains heavy final charges on account of grants to demobilised officers amounting to Rs.170 lakhs, and three items totalling Rs.85 lakhs which have not hitherto been charged against Army Estimates.

APPENDIX II. (*a*).

HOME CHARGES.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1923-24.	Revised Estimate, 1924-25.	Budget Estimate, 1925-26.
	£	£	£
Direct demands on the Revenues :—			
Stores for India	36,582	37,300	49,000
Leave Allowances and Miscellaneous	64,700	90,300	103,000
Railway Revenue Account :—			
Interest	6,413,111	8,387,800	8,467,000
Sinking Funds	327,206	(*a*)	(*c*)
Annuities	3,357,546	(*b*)	—
Government share of Surplus Profits	*122,639*	*186,300*	*196,500*
Leave Allowances and Miscellaneous	147,481	198,200	639,900
Irrigation Revenue Account :—			
Interest on Debt	—	—	—
Leave Allowances	6,605	6,500	10,500
Posts and Telegraphs :—			
Indian Postal and Telegraph Department : Stores for India	235,660	158,000	12,500
" " " Leave Allowances and Miscellaneous	49,222	74,100	74,800
Indo-European Telegraph Department	*168,172*	500	*29,700*
Debt Services :—			
Interest on Ordinary Debt (less interest realised from investment of Cash Balance).	4,142,391	4,535,500	4,488,000
Interest, Discount, etc., on Gold Standard Reserve credited to Revenue.	*1,199,128*	*1,638,400*	*1,698,000*
Liability assumed in respect of British 5 per cent. War Loan, 1929-47 : Interest	985,397	963,300	940,300
Liability assumed in respect of British 5 per cent. War Loan, 1929-47 : Sinking Fund	442,603	(*a*)	(*c*)
Commission and Underwriting on Issue of India Stock during the year.	291,119	—	—
Management of Debt	101,276	80,000	94,900
Reduction or Avoidance of Debt :—			
Railway Annuities (Capital Portion)	—	1,259,000	(*c*)
Sinking Funds	—	343,200	(*c*)
Liability assumed in respect of British 5 per cent. War Loan, 1929-47 : Sinking Fund.	—	464,700	(*c*)
Civil Administration :—			
Home Administration :—			
India Office : Salaries and Contingencies	232,811	228,300	229,200
High Commissioner's Office, Salaries and Contingencies	135,180	145,500	148,500
Audit Office : Salaries	12,963	13,000	14,500
Contribution by His Majesty's Treasury in respect of the Administrative Expenses of India Office.	*153,500*	*153,500*	*151,100*
Payments on account of Departments in India :—			
Stores for India	32,571	35,000	61,300
Leave Allowances and Miscellaneous	343,753	377,600	507,900
Currency and Mint :—			
Interest on Paper Currency Reserve Investments	*148,445*	*520,000*	*550,000*
Stores for India	364,440	218,300	188,100
Leave Allowances and Miscellaneous	7,306	4,500	7,600
Civil Works :—			
Stores for India	1,851	2,100	2,100
Leave Allowances and Miscellaneous	8,109	8,600	9,000
Miscellaneous :—			
Territorial and Political Pensions	12,374	11,600	11,500
Civil Superannuation Allowances and Pensions (including Home Establishment Pensions).	1,923,036	1,910,300	1,933,600
Contribution to the Secretariat of the League of Nations	77,799	70,600	56,000
Profit on Sale of Gold	*256,962*	—	—
Other Miscellaneous Charges	33,857	151,100	41,800
Stationery and Printing :—			
Stores for India	145,430	67,000	54,500
Expenditure at the India Office and the High Commissioner's Office, Leave Allowances, etc.	14,353	18,000	18,000
Military Services (Army, Marine and Air Force)			
Home Charges of British Forces serving in India (less receipt from the War Office on account of Aden)	1,830,627	1,615,500	1,525,500
Sea Transport Charges (less receipt of £130,000 from the War Office).	482,570	391,000	486,000
Unemployment Insurance	77,739	79,000	81,500

(*a*) See under Reduction or Avoidance of Debt.

(*b*) In accordance with the arrangements for the separation of Railway Finance from General Revenues a fixed figure representing interest on the Annuity Capital as at 31st March, 1924, will henceforward be charged in the Railway Revenue Account, and is included in the figure for "Interest." The charges for the actual annuity payments appear under "Debt Services" and "Permanent Debt discharged."

(*c*) With effect from 1st April, 1925, payments on this account are being shown under "Permanent Debt discharged."

Net Expenditure.	Accounts, 1923-24.	Revised Estimate, 1924-25.	Budget Estimate, 1925-26.
	£	£	£
Military Services (Army, Marine and Air Force) *continued*—			
Contribution to the expenses of His Majesty's Ships in Indian Seas.	100,040	100,000	100,000
Furlough Pay	578,843	598,900	586,600
Stores	1,607,623	2,322,100	1,447,200
Marriage Allowances and Allotments	496,880	444,300	491,000
Gratuities to Surplus Officers of Indian Army	618,939	521,300	1,200,000
Lump Sum Composition on account of War Liabilities	—	*135,000*	—
War Gratuities Exchange Concession	—	250,000	—
Other Effective Charges	157,856	184,000	175,200
Retired Pay of British Forces for Service in India	1,130,238	1,292,000	1,296,700
Retired Pay: Indian Services	2,037,539	1,910,000	1,889,700
Family and Miscellaneous Pensions	408,246	458,000	450,900
Extraordinary Receipts and Payments:—			
Earnings of Enemy Ships	*1,675,000*	*1,860,000*	*287,500*
Expenditure on account of Persia previously treated as recoverable, now written off to Revenue.	2,370,752	—	—
Total	28,120,818	25,532,800	24,981,000
Expenditure by Secretary of State	23,444,483	20,435,900	20,156,400
" " High Commissioner	4,676,335	5,096,900	4,824,600
Total	28,120,818	25,532,800	24,981,000

Expenditure in England not charged on the Revenue of the year :—

Expenditure.	Accounts, 1923-24.	Revised Estimate, 1924-25.	Budget Estimate, 1925-26.
	£	£	£
Capital outlay on State Railways	9,897,765	26,426,000*	12,942,500ø
" Irrigation Works	222	—	—
New Capital at Delhi	60,660	47,400	38,300
Posts and Telegraphs	—	—	140,100
Indo European Telegraph Dept.	—	—	15,000
Total	9,958,647	26,473,400	13,135,900
Expenditure by Secretary of State	8,145,035	24,604,700	9,264,500
" " High Commissioner	1,813,612	1,868,700	3,871,400
Total	9,958,647	26,473,400	13,135,900

* Including £18,500,000 East Indian Railway Debenture Stock for which the Secretary of State incurred a liability on termination of the Company's contract.

ø Including £3,500,000 Great Indian Peninsula Railway Debenture Stock for which the Secretary of State incurred a liability on termination of the Company's contract and £2,575,000 Capital Stock of the Company to be paid off during the year.

APPENDIX II. (*b*).

RAILWAYS.

(*i*). *Route Mileage and Traffic (including railways outside Government accounts).*

Length of railways open in India on 31st March, 1923	37,617·91 miles
Additional mileage opened in 1923–24	430·12 "
Length of railways open in India on 31st March, 1924, after allowing for corrections due to realignments, etc.	38,038·52 "

		1922–23.	1923–24.
Number of passengers carried		572,621,400	584,508,900
Earnings from passengers carried	*Rs.*	37,59,22,000	38,07,15,000
Weight of goods traffic in tons		93,845,000	98,210,000
Earnings from goods tonnage	*Rs.*	58,02,32,000	60,28,94,000

(*ii*). *Capital at Charge and Net Revenue Receipts.*

Class and Name of Railway.	Capital at Charge on 31st March, 1924.	Net Revenue Receipts, 1923-24.	Percentage of Net Revenue Receipts on Capital at Charge.
State Railways worked by the State :—			
Aden Railway	15,03,715	−41,765	−2·78
Delhi New Capital Railway Works Scheme	68,70,685	—	—
Eastern Bengal	41,46,00,561	1,39,04,847	3·36
North-Western :—			
Commercial —			
Main Line	79,54,15,468	4,35,64,499	5·47
Laki Pezu Tank	35,28,632	—	—
Military :—			
Main Line	20,04,67,187	−18,52,743	−·92
Kaur Khirgi	14,80,015	—	—
Tank Murtaza	17,93,369	—	—
Nushki Extension	3,22,08,618	—	—
Frontier Railway Reserve	51,56,867	—	—
Khyber	2,11,51,706	—	—
Oudh and Rohilkhand	26,25,06,193	1,25,56,262	4·78
State Railways worked by Companies or by Indian States :			
Assam-Bengal	18,64,97,031	37,89,391	2·03
Bengal-Nagpur	60,51,97,855	2,59,65,944	4·29
Bezwada Extension	14,73,001	3,80,605	25·84
Bombay, Baroda and Central India (including Dholka-Dhanduka)	56,07,68,857	4,80,85,557	8·58
Burma Railways (including Extension)	26,03,69,341	1,59,41,709	6·11
East Indian	83,95,34,661	6,25,27,236	7·45
Great Indian Peninsula	78,73,44,574	4,69,17,775	5·96
Agra-Delhi Chord	1,50,83,968	15,08,979	10·00
Baran-Kotah	50,01,616	1,01,744	2·03
Bhopal	45,76,577	4,41,501	9·65
Cawnpore-Banda	83,06,161	1,31,803	1·59
Jodhpur-Hyderabad	51,54,997	3,16,508	6·14
Lucknow-Bareilly (Rohilkhand and Kumaon)	1,60,84,899	15,46,414	9·61
Madras and Southern Mahratta	42,62,32,872	3,04,44,238	7·14
Dhone-Curnool	10,18,342	89,645	8·80
South Indian	20,07,09,455	2,15,02,842	10·71
Coonoor Ootacamund	50,39,564	—	—
Tinnevelly-Quilon (British Section)	44,53,692	7,28,548	4·04
Tinnevelly-Quilon (Indian State Section)	1,35,64,188		
Tinnevelly Tiruchandur	—	—	—
Shoranur Nilambur	19,234	—	—
Tirhoot (Bengal and North-Western)	8,74,73,740	75,03,457	8·58
	5,78,05,87,641	33,60,24,266*	5·81
Abandoned projects and other miscellaneous items	2,48,65,692	—	—
Total—Central Government	5,80,54,53,333	33,60,24,266*	5·79

* Differs from figure of "Working Profit" shown in table on page 15, which takes into account "Miscellaneous Receipts" and "Payments on account of Surplus Profits."

APPENDIX II. (c).

SEA-BORNE TRADE.

(i). *Summary of Sea-borne Trade.*

—	1922-23.	1923-24.	1924-25.
On Private Account.			
	Rs.	*Rs.*	*Rs.*
Exports of Merchandise	314,32,52,598	3,61,91,08,876	3,98,35,59,523
Imports of Merchandise	*232,70,76,893*	*227,61,13,390*	*246,64,88,815*
Net Exports of Merchandise	81,61,75,705	134,29,95,486	151,70,70,708
Net Imports of Gold	*41,18,05,774*	*29,18,64,015*	*73,77,50,586*
Net Imports of Silver	*18,17,66,295*	*18,38,13,902*	*20,05,71,586*
Net Imports of Currency Notes	*90,54,670*	*1,08,08,831*	*28,64,663*
Net Imports of Treasure	*60,26,26,739*	*48,64,86,748*	*94,11,26,835*
Net Exports of Merchandise and Treasure on Private Account.	21,35,48,966	85,65,08,736	57,59,43,873
Government Transactions.			
Imports of Merchandise	*13,48,47,216(a)*	*9,57,18,889*	*6,73,82,777*
Exports of Merchandise	1,74,64,317	1,46,54,788	2,06,83,033
Net Imports of Merchandise	*11,73,82,899*	*8,10,64,101*	*4,66,99,744*
Net Imports of Gold	*1,02,772*	—	—
Net Imports of Silver	*17,80,361*	*31,66,185*	*1,69,080*
Net Imports or Exports *of Currency Notes*	*11,14,379*	*56,55,123*	25,07,600
Net Imports or Exports *of Treasure*	*29,97,513*	*88,21,308*	23,38,520

(a) Values for 1922-23 have been recalculated on basis of average rate of exchange, and values for 1923-24 and 1924-25 have been calculated uniformly at the current rate of exchange.

(ii). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately.*

—	1922-23.	1923-24.	1924-25.
A. *On Private Account.*			
I. Food, Drink and Tobacco :—	*Rs.*	*Rs.*	*Rs.*
A. Fish (excluding canned fish)	24,29,949	29,66,906	31,26,899
B. Fruits and Vegetables	1,83,57,258	1,70,79,994	1,59,46,307
C. Grain, Pulse and Flour	54,32,031	43,89,626	10,41,247
D. Liquors	3,00,93,579	2,72,16,804	2,82,84,376
E. Provisions and Oilman's Stores	2,77,30,379	2,80,21,866	3,91,76,665
F. Spices	2,45,34,648	2,58,77,550	2,66,00,334
G. Sugar	15,48,89,968	15,45,06,762	20,90,23,769
H. Tea	45,52,265	82,26,291	62,82,922
I. Other Food and Drink	1,93,87,376	1,29,48,890	1,55,13,664
J. Tobacco	2,25,67,007	2,26,18,495	1,97,88,393
Total, Class I.	30,99,74,460	30,38,53,184	36,47,84,576
II. Raw Materials and Produce and articles mainly unmanufactured :—			
A. Coal	3,08,92,733	1,65,85,004	1,19,73,515
B. Other Non-metallic mining and quarry products and the like	2,62,69,383	2,19,80,062	1,59,58,198
C. Fodder, Bran and Pollards	96,798	72,559	36,064
D. Gums, Resins and Lac	57,95,251	51,74,989	34,67,203
E. Hides and Skins, raw or undressed	9,77,183	15,50,255	14,74,060
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	1,25,458	7,27,341	1,58,506
G. Oils—Vegetable, Mineral and Animal	7,00,15,669	8,65,17,988	9,69,49,025
H. Oilcakes of all kinds	10,446	12,522	13,580
I. Paper making materials	24,25,837	20,45,708	22,08,836
J. Rubber, raw or crude	421	45,811	1,08,695
K. Seeds, including nuts for oils	4,54,157	5,64,339	9,53,324
L. Tallow, Stearine and Wax	27,21,058	26,62,094	29,82,425
M. Cotton, raw and waste	1,73,41,612	2,50,82,208	4,24,73,347
N. Jute, raw	6,200	1,17,047	89,828
O. Silk, raw and waste	1,60,32,645	1,21,99,609	1,20,95,248
P. Wool, raw	13,04,629	40,54,840	78,93,506
Q. Other Textile Materials	5,65,291	6,62,042	7,71,264
R. Wood and Timber	49,18,264	38,69,575	40,82,926
S. Miscellaneous	58,06,491	53,71,028	65,57,382
Total, Class II.	18,57,59,526	18,92,95,021	21,02,46,932

(*ii*). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately*—continued.

——	1922-23.	1923-24.	1924-25.
A. *On Private Account (continued).*			
III. Articles wholly or mainly manufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Apparel	1,27,14,290	1,66,69,495	1,83,65,781
B. Arms, Ammunition and Military Stores	62,82,839	64,63,449	91,92,116
C. Chemicals, Drugs and Medicines	3,92,04,651	4,12,37,482	4,21,05,973
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	6,73,48,356	5,91,02,532	6,75,21,936
E. Dyes and Colours	4,23,20,363	4,29,50,664	4,21,87,479
F. Electrical Goods and Apparatus (other than Machinery)	2,15,85,597	2,25,92,130	1,97.16,299
G. Furniture, Cabinetware and Manufactures of Wood and Timber	25,85,855	45,30,844	33,36,029
H. Glassware and Earthenware	3,37,82,077	3,17,27,228	3,35,39,876
I. Hides and Skins, tanned or dressed, and Leather.	52,39,343	52,32,121	54,76,499
J. Machinery of all kinds, including Belting for Machinery.	24,41,08,552	20,22,69,778	15,88,92,415
K. Metals, Iron and Steel, and Manufactures thereof.	18,36,12,356	17,90,02,179	18,92,34,254
L. Metals, other than Iron and Steel, and Manufactures thereof.	6,91,87,914	6,39,79,719	7,37,42,934
M. Paper, Pasteboard and Stationery	3,70,41,196	3,60,14,076	3,85,05,480
N. Railway Plant and Rolling Stock	11,05,80,847	11,72,46,081	6,07,55,481
O. Rubber Manufactures	1,80,19,646	1,67,96,394	1,54,97,429
P. Vehicles (excluding Locomotives, etc., for Railway)	3,42,56,501	4,34,09,478	4,43,50,972
Q. Cotton Yarns and Manufactures	70,13,02,032	67,48,45,756	82,32,51,509
R. Jute „ „	16,79,300	20,81,959	27,74,730
S. Silk „ „	3,16,54,472	3,40,16,996	3,71,19,455
T. Woollen „ „	1,51,56,436	2,44,09,761	3,56,47,709
U. Other Yarns and Textile Fabrics	1,60,62,820	2,55,78,821	3,77,21,820
V. Miscellaneous	10,03,12,381	9,64,01,951	9,66,58,653
Total, Class III.	179,40,37,824	174,65,58,894	1,85,55,94,829
IV. Living Animals.—			
A. Horses	24,53,585	17,98,194	28,13,554
B. Other Living Animals	1,29,048	1,88,799	2,15,024
Total, Class IV.	25,82,633	19,86,993	30,28,578
V. Postal Articles not specified	3,47,22,450	3,44,19,298	3,28,33,900
Total value of Imports of Merchandise on Private Account	232,70,76,893	227,61,13,390	2,46,64,88,815
B. *Government Stores*	(*a*)13,48,47,216	9,57,18,889	6,73,82,777
Grand Total, Imports of Merchandise	246,19,24,109	237,18,32,279	253,38,71,592

(*iii*). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately.*

——	1922-23.	1923-24.	1924-25.
INDIAN MERCHANDISE.			
A. *On Private Account.*	*Rs.*	*Rs.*	*Rs.*
I. Food, Drink and Tobacco :—			
A. Fish (excluding Canned Fish)	54,25,327	62,83,973	72,32,465
B. Fruits and Vegetables	63,11,819	71,78,497	71,65,692
C. Grain, Pulse and Flour	42,47,63,223	50,87,14,693	65,06,53,127
D. Liquors	49,418	17,595	8,155
E. Provisions and Oilman's Stores	60,91,640	60,34,850	58,87,401
F. Spices	1,09,79,949	1,10,86,076	1,06,74,737
G. Sugar	10,48,839	96,97,444	52,49,017
H. Tea	22,04,00,383	31,64,61,489	33,39,24,211
I. Other Food and Drink	1,24,74,230	1,57,64,597	2,09,24,587
J. Tobacco	82,67,812	1,02,97,301	1,25,03,894
Total, Class I.	69,58,12,640	89,15,36,515	1,05,42,23,286

(*a*) Values recalculated vide note note on p. 37.

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

—	1922-23.	1923-24.	1924-25.
INDIAN MERCHANDISE—*cont.*			
A. *On Private Account.*			
II. Raw materials and produce and articles mainly unmanufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Coal	14,73,200	22,29,816	37,15,695
B. Other Non-Metallic mining and quarry products and the like	62,35,975	1,07,13,342	1,04,55,333
C. Fodder, Bran and Pollards	1,26,25,569	1,28,45,974	1,58,85,891
D. Gums, Resins and Lac	10,37,27,584	9,18,94,195	7,63,12,990
E. Hides and Skins, raw or undressed	5,70,60,201	6,93,24,529	6,77,41,366
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	2,27,09,592	2,37,57,130	2,18,96,676
G. Oils—Vegetable, Mineral and Animal	3,19,81,409	2,90,02,588	3,44,09,928
H. Oilcakes of all kinds	1,72,22,985	1,94,09,852	2,19,99,605
I. Paper-making Materials	1,251	790	55,561
J. Rubber, raw or crude	72,50,093	1,14,46,018	1,42,94,317
K. Seeds, including nuts for oils	27,35,38,362	29,81,71,643	33,16,84,666
L. Tallow, Stearine and Wax	8,75,505	22,42,030	11,34,787
M. Cotton, raw and waste	72,07,18,919	99,71,83,038	92,05,30,362
N. Jute „ „	22,52,84,639	20,00,06,328	29,18,07,535
O. Silk „ „	38,17,258	50,21,392	38,06,868
P. Wool „ „	4,41,43,267	3,17,48,608	5,07,03,429
Q. Other Textile Materials	61,07,816	76,54,282	1,73,32,674
R. Wood and Timber	94,02,714	1,24,67,022	1,38,64,191
S. Miscellaneous	2,10,63,803	2,55,15,969	2,49,00,091
Total, Class II.	1,56,52,40,142	1,85,06,34,546	1,92,25,31,965
III. Articles wholly or mainly manufactured :—			
A. Apparel	37,52,933	29,94,494	34,08,167
B. Arms, Ammunition and Military Stores	3,532	10,961	325
C. Chemicals, Drugs and Medicines	3,07,51,884	3,25,29,085	2,14,65,705
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	9,28,322	14,50,983	15,20,501
E. Dyes and Colours	1,20,69,826	1,35,44,913	1,38,61,282
F. Electrical Goods and Apparatus (other than Machinery)	—	—	—
G. Furniture, Cabinetware, and manufactures of wood and timber	8,84,723	7,96,996	7,38,166
H. Glass and Earthenware	3,95,853	2,88,616	3,01,570
I. Hides and Skins, tanned or dressed, and Leather	5,16,07,178	6,00,76,699	7,28,85,593
J. Machinery of all kinds, including belting for machinery	47,038	1,20,951	1,25,166
K. Metals, Iron and Steel, and manufactures thereof	93,92,890	1,30,70,535	2,19,92,468
L. Metals, other than Iron and Steel, and manufactures thereof	1,62,66,200	2,09,96,970	2,80,02,404
M. Paper, Pasteboard and Stationery	1,03,188	1,14,000	1,21,461
N. Railway Plant and Rolling Stock	2,34,541	2,53,731	3,46,945
O. Rubber manufactures	9,331	45,944	9,676
P. Vehicles (excluding locomotives, etc., for Railways)	91,710	63,728	59,840
Q. Cotton, yarns and manufactures	13,06,21,869	10,95,49,068	11,27,47,895
R. Jute „ „ „	40,49,41,510	42,28,35,890	51,77,05,438
S. Silk „ „ „	2,42,956	4,27,054	2,94 801
T. Woollen „ „ „	98,41,387	82,62,940	1,14,28,612
U. Other yarns and textile fabrics	6,29,599	7,05,406	5,32,843
V. Miscellaneous articles, wholly or mainly manufactured	3,16,54,491	3,07,15,730	3,46,61,997
Total, Class III.	70,44,70,961	71,88,54,694	84,22,10,855
IV. Living Animals:—			
A. Horses	1,10,785	55,510	75,910
B. Cattle	8,28,912	8,78,804	8,37,480
C. Sheep and Goats	11,25,513	13,92,741	18,22,674
D. Other living animals	2,63,334	3,32,789	4,05,913
Total, Class IV.	23,28,544	26,59,844	31,41,977

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

—	1922-23.	1923-24.	1924-25.
INDIAN MERCHANDISE (*contd.*).			
A. Private Account.			
	Rs.	*Rs.*	*Rs.*
Class V. Postal Articles	2,37,67,035	2,46,75,646	2,63,60,068
Total Value of Exports of Indian Merchandise on private account	2,99,16,19,322	3,48,83,61,245	3,84,84,68,151
B. *Government Stores*, Exports of Indian Merchandise	1,19,01,479	1,27,69,768	1,53,64,647
Total Exports of Indian Merchandise	3,00,35,20,801	3,50,11,31,013	3,86,38,32,798
C. *Re-exports*—On Private Account ..	15,16,33,276	13,07,47,631	13,50,91,372
Government Stores ..	55,62,838	18,85,020	53,18,386
Total re-exports	15,71,96,114	13,26,32,651	14,04,09,758
Grand Total, Exports of Merchandise	3,16,07,16 915	3,63,37,63,664	400,42,42,556

(iv). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin.*

Note.—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1922-23.	1923-24.	1924-25.
	Rs.	*Rs.*	*Rs.*
British Empire :—			
United Kingdom	1,40,04,57,405	1,31,60,42,877	1,33,43,38,014
Aden and Dependencies	73,20,085	53,18,163	54,86,372
Mesopotamia	1,17,19,037	1,16,23,040	88,63,889
Ceylon	1,43,73,244	1,29,05,995	1,36,10,986
Straits Settlements (including Labuan)	4,48,12,596	4,92,75,068	4,84,83,668
Hong Kong	1,45,19,593	1,05,67,208	1,14,33,218
Egypt*	60,61,145	—	—
Union of South Africa	81,75,862	77,40,788	59,15,855
Mauritius and Dependencies (including Seychelles)	1,02,61,568	10,97,830	3,67,08,899
Zanzibar and Pemba	77,62,951	45,74,701	61,32,618
Kenya Colony	1,15,02,272	2,19,08,971	3,73,15,418
Canada	65,35,697	89,54,981	99,21,914
Australia	97,21,604	1,06,95,669	75,76,270
New Zealand	13,377	13,657	13,77,091
Other British Possessions	1,00,15,534	87,83,878	76,24,111
Total—British Empire	1,56,32,51,970	1,46,95,02,826	1,53,47,88,323

* Included in Foreign Countries from 1923-4.

(iv). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin*—continued.

NOTE—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1922-23.	1923-24.	1924-25.
Foreign Countries :—	*Rs.*	*Rs.*	*Rs.*
Russia	,1,44,502	15,20,147	58,174
Sweden	1,12,64,960	1,32,73,496	1,19,65,126
Norway	81,79,095	67,65,849	65,04,387
Germany	11,88,68,146	11,89,19,019	15,47,86,217
Holland	2,21,94,945	2,27,74,391	2,97,63,160
Belgium	6,31,77,797	5,51,29,345	6,78,16,386
France	1,96,39,719	2,22,94,126	2,55,98,457
Spain	25,99,292	9,21,635	15,48,749
Switzerland	1,09,66,780	1,62,61,038	1,82,14,192
Italy	2,10,43,057	2,73,33,124	3,82,57,721
Austria	29,47,931	76,09,557	73,22,678
Hungary	11,770	41,60,059	31,30,073
Turkey, Asiatic	3,556	2,20,140	1,820
Arabia	75,88,990	75,98,401	55,29,777
Persia	1,75,29,869	1,75,80,744	2,21,25,142
Java	12,88,74,724	14,03,11,568	15,46,09,569
Borneo (Dutch)	59,18,514	1,07,36,816	80,74,413
Siam	33,95,023	23,49,785	20,43,030
China (exclusive of Hong Kong and Macao)	2,87,24,422	3,35,67,471	2,85,79,007
Japan	14,42,23,308	13,81,83,426	17,12,92,739
Egypt*	—	52,04,260	61,84,275
Portuguese East Africa	20,66,721	45,69,683	33,42,113
Italian East Africa	22,10,985	18,72,691	11,05,790
United States of America	13,17,97,441	12,83,34,663	14,08,62,771
Other Foreign Countries	1,04,53,376	1,91,19,130	2,29,84,726
Total—Foreign Countries	76,38,24,923	80,66,10,564	93,17,00,492
Grand Total	2,32,70,76,893	2,27,61,13,390	2,46,64,88,815

(v). *Sea-borne Trade—Analysis of* Exports *of Indian Merchandise on Private Account, showing separately the principal countries of destination.*

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1922-23.	1923-24.	1924-25.
British Empire :—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	65,91,43,990	86,44,84,222	92,52,12,783
Gibraltar	1,87,713	89,466	8,93,892
Aden and Dependencies	1,57,87,767	1,36,14,333	1,49,96,116
Mesopotamia	2,30,80,361	2,13,72,432	2,56,77,222
Ceylon	12,24,39,835	12,64,89,288	13,64,53,543
Straits Settlements (including Labuan)	7,52,21,256	8,29,54,101	8,02,11,872
Hong Kong	6,62,66,815	4,45,90,803	3,35,54,308
Egypt*	3,55,97,896	—	—
Union of South Africa	2,34,45,543	2,09,16,084	2,61,56,731
Mauritius and Dependencies (including Seychelles)	2,34,57,367	1,77,04,579	1,90,95,745
Zanzibar and Pemba	67,89,973	71,43,624	59,73,071
Kenya Colony	88,63,768	84,76,504	1,04,33,030
Canada	2,19,00,249	2,36,11,172	2,22,94,672
British West India Islands	43,09,161	57,74,704	58,89,766
Australia and New Zealand	6,05,85,144	6,58,89,832	7,88,35,131
Other British Possessions	2,71,36,439	2,23,44,125	2,64,26,511
Total—British Empire	1,17,42,13,277	1,32,54,55,269	1,41,21,04,393

* Included in Foreign Countries from 1923-24.

(v). *Sea-borne Trade—Analysis of* Exports *of Indian Merchandise on Private Account, showing separately the principal countries of destination*—continued.

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1922-23.	1923-24.	1924-25.
Foreign Countries :—	*Rs.*	*Rs.*	*Rs.*
Russia	99,000	26,287	16,36,877
Sweden	24,53,232	28,15,433	35,35,652
Norway	38,12,354	38,13,208	49,29,999
Germany	22,30,29,798	24,94,78,445	25,98,50,829
Holland	4,02,94,653	5,86,91,444	7,85,30,829
Belgium	11,30,05,740	13,79,57,594	14,23,45,551
France	15,39,16,716	19,85,27,106	20,37,22,920
Spain	3,14,25,661	3,77,69,340	5,82,76,957
Switzerland	1,49,427	96,331	50,007
Italy	10,15,26,499	21,69,20,208	23,28,57,238
Austria	1,25,63,267	1,52,44,502	84,04,455
Hungary	300	—	—
Turkey, European	14,18,646	26,96,071	24,59,768
,, Asiatic	5,47,006	7,33,867	14,62,308
Arabia	2,79,69,287	2,32,19,461	1,52,57,789
Persia	2,23,17,254	2,06,77,095	2,59,74,621
Sumatra	1,05,99,859	85,31,944	1,32,59,552
Borneo and Java	3,13,32,119	3,68,12,140	2,92,38,924
Siam	1,47,33,337	1,71,44,295	1,74,62,159
Indo-China	1,86,90,864	2,38,73,777	1,78,94,428
China (exclusive of Hong-Kong and Macao)	13,63,57,078	10,52,81,496	9,55,32,881
Japan	40,19,90,342	50,16,43,249	53,14,34,443
Egypt*	—	2,82,16,743	15,17,13,117
Portuguese East Africa	82,65,056	89,25,064	1,14,11,333
Italian East Africa	10,14,055	11,56,835	12,44,718
Other East African Ports	5,46,247	15,73,163	17,62,413
United States of America	34,32,76,703	33,46,57,526	34,23,83,643
West Indies	4,34,53,556	3,06,13,204	5,14,46,822
South America	4,62,77,004	6,76,99,003	8,25,72,496
Oceania	33,87,387	33,87,541	38,54,975
Other Foreign Countries	2,09,53,598	2,47,23,904	2,58,56,054
Total—Foreign Countries	1,81,74,06,045	2,16,29,05,976	243,63,63,758
Grand Total	2,99,16,19,322	3,48,83,61,245	384,84,68,151

* Included in Foreign Countries from 1923-24.

APPENDIX III (A).

(*See page 25.*)

SEPARATION OF RAILWAY FINANCE FROM GENERAL FINANCE.

RESOLUTION PASSED IN THE INDIAN LEGISLATIVE ASSEMBLY, 20TH SEPTEMBER, 1924.

This Assembly recommends to the Governor General in Council that in order to relieve the general budget from the violent fluctuations caused by the incorporation therein of the railway estimates and to enable railways to carry out a continuous railway policy based on the necessity of making a definite return to general revenues, on the money expended by the State on railways:

(1) The railway finances shall be separated from the general finances of the country and the general revenues shall receive a definite annual contribution from railways which shall be the first charge on the net receipts of railways.

(2) The contribution shall be based on the capital at charge and working results of commercial lines, and shall be a sum equal to one per cent. on the capital at charge of commercial lines (excluding capital contributed by companies and Indian States) at the end of the penultimate financial year *plus* one-fifth of any surplus profits remaining after payment of this fixed return, subject to the condition that, if in any year railway revenues are insufficient to provide the percentage of one per cent. on the capital at charge, surplus profits in the next or subsequent years will not be deemed to have accrued for purposes of division until such deficiency has been made good.

The interest on the capital at charge of, and the loss in working, strategic lines shall be borne by general revenues and shall consequently be deducted from the contributions so calculated in order to arrive at the net amount payable from railway to general revenues each year.

(3) Any surplus remaining after this payment to general revenues shall be transferred to a railway reserve; provided that if the amount available for transfer to the railway reserve exceeds in any year three crores of rupees only two-thirds of the excess over three crores shall be transferred to the railway reserve and the remaining one-third shall accrue to general revenues.

(4) The railway reserve shall be used to secure the payment of the annual contribution to general revenues; to provide, if necessary, for arrears of depreciation and for writing down and writing off capital; and to strengthen the financial position of railways in order that the services rendered to the public may be improved and rates may be reduced.

(5) The railway administration shall be entitled, subject to such conditions as may be prescribed by the Government of India, to borrow temporarily from capital or from the reserves for the purpose of meeting expenditure for which there is no provision or insufficient provision in the revenue budget subject to the obligation to make repayment of such borrowings out of the revenue budgets of subsequent years.

(6) A Standing Finance Committee for Railways shall be constituted consisting of one nominated official member of the Legislative Assembly who should be Chairman, and eleven members elected by the Legislative Assembly from their body. The members of the Standing Finance Committee for Railways shall be *ex-officio* members of the Central Advisory Council, which shall consist, in addition, of not more than one further nominated official member, six non-official members selected from a panel of eight elected by the Council of State from their body, and six non-official members selected from a panel of eight elected by the Legislative Assembly from their body.

The Railway Department shall place the estimates of railway expenditure before the Standing Finance Committee for Railways on some date prior to the date for the discussion of the demands for grants for railways and shall, as far as possible, instead of the expenditure programme revenue, show the expenditure under a depreciation fund created as per the new rules for charge to capital and revenue.

(7) The railway budget shall be presented to the Legislative Assembly if possible in advance of the general budget and separate days shall be allotted for its discussion, and the Member in charge of railways shall then make a general statement on railway accounts and working.

The expenditure proposed in the railway budget, including expenditure from the depreciation fund and the railway reserve, shall be placed before the Legislative Assembly in the form of demands for grants. The form the budget shall take after separation, the detail it shall give and the number of demands for grants into which the total vote shall be divided shall be considered by the Railway Board in consultation with the proposed Standing Finance Committee for Railways with a view to the introduction of improvements in time for the next budget, if possible.

(8) These arrangements shall be subject to periodic revision, but shall be provisionally tried for at least three years.

(9) In view of the fact that the Assembly adheres to the Resolution passed in February, 1923, in favour of State management of Indian Railways, these arrangements shall hold good only so long as the East Indian Railway and the Great Indian Peninsula Railway and existing State-managed Railways remain under State management. But if in spite of the Assembly's Resolution above referred to Government should enter on any negotiations for the transfer of any of the above Railways to Company management, such negotiations shall not be concluded until facilities have been given for a discussion of the whole matter in the Assembly. If any contract for the transfer of any of the above Railways to Company management is concluded against the advice of the Assembly, the Assembly will be at liberty to terminate the arrangements in this Resolution.

Apart from the above convention this Assembly further recommends:—

(i) that the Railway services should be rapidly Indianised, and further that Indians should be appointed as members of the Railway Board as early as possible, and

(ii) that the purchase of stores for the State Railways should be undertaken through the organisation of the Stores Purchase Department of the Government of India.

APPENDIX III (B).

(*See page 30.*)

INSTITUTION OF A PROVINCIAL LOANS FUND.

GOVERNMENT OF INDIA RESOLUTION.

Delhi, the 25th March, 1925.

No. D.1250-F.—The Government of India have had under consideration the question of systematising the arrangements for administering the advances made by the Central to Provincial Governments. After consultation with the latter it has been decided to establish a central Fund out of which all advances granted by the Government of India to Provincial Governments will in future be made and to standardise for all Provinces alike the terms on which advances granted for various purposes will be repaid to the Fund.

2. The Fund shall be constituted as from the 1st April, 1925, and shall be called the "Provincial Loans Fund." Rules governing the administration of this Fund will be promulgated by the Government of India.

3. All outstanding capital liabilities of Provincial Governments to the Government of India will be transferred to the Fund at the time of its constitution and this capital will be increased from time to time as required by further advances from the Government of India.

4. The rate of interest charged by the Government of India on advances to the Fund will be determined in the same manner as the rate of interest charged by the Government of India on advances to the Provinces is now determined, that is to say, on the basis of the cost of new borrowing to the Government of India from time to time.

5. If at any time there is a surplus in the capital of the Fund not required or not likely to be required at an early date for the purpose of new advances, the Fund shall be entitled to apply such surplus towards the reduction of advances previously made to it by the Government of India under such conditions as may be determined by the Government of India according to the circumstances of the case.

6. The terms already arranged between the Government of India and the Provinces in regard to any advances sanctioned prior to the constitution of the Fund will not be modified or affected in any way. The Fund will simply take the place of the Government of India as one of the parties to these contracts *vis-à-vis* the Provinces concerned.

7. The amount and the purpose of every advance which may be made by the Fund to a Provincial Government will be determined, as at present, by the Government of India in the Finance Department and the Assembly will be asked to vote the necessary supply under the head: "Advances to the Provincial Loans Fund." The receipts into, and disbursements from, the Fund will be recorded in the public accounts under a distinct head "Provincial Loans Fund."

8. Advances of less than Rs. 5 lakhs for any scheme or group of works will not normally be made from the Fund, as being excluded by the principle laid down in Rule 2 (*a*) of the Local Government (Borrowing) Rules which requires that the proposed expenditure shall be so large that it cannot reasonably be met from current revenues. The rules governing the grouping of individual works

for the purpose of this paragraph shall be the same as the rules which govern the grouping of works in order to determine the authority which is competent to sanction the total expenditure.

The limit of Rs. 5 lakhs, however, will not apply to capital expenditure (*a*) on productive works or (*b*) in a commercial department which is working at such a profit as to fulfil the test of productivity imposed by the Secretary of State or (*c*) on commercial undertakings whose accounts are maintained on a commercial basis.

9. No advances will be made out of the Fund to any Provincial Governments which do not provide annually out of their ordinary revenues sums sufficient to redeem within a period not exceeding 80 years from the date when they were originally borrowed any loans or advances which they may from time to time obtain or have obtained from any source other than the Fund. This condition, however, will not apply to the pre-Reform irrigation debt referred to in paragraph 12.

10. The standard rate of interest charged by the Fund on new advances will be so calculated, after taking into account the repayments due to the Fund on already existing advances, as to maintain the solvency of the Fund.

11. The standard rate of interest will be charged by the Fund to the Provinces on all advances required for capital expenditure which can be classed as productive under the rules on the subject approved by the Secretary of State. For all other advances, the rate will be ¼ per cent. above the standard rate.

12. All new advances made from the Fund and also all advances outstanding at present other than the debt relating to irrigation works constructed before the Reforms, the liability for which was transferred to Provincial Governments under the Reform Scheme, will be subject to eventual repayment. It will be for the Government of India in the Finance Department to determine whether in any particular case repayment shall be by equated instalments of principal and interest or otherwise, and whether due instalments may be postponed or other exceptional arrangements made without threatening the solvency of the Fund.

13. The Government of India in the Finance Department will maintain a schedule specifying the term of years appropriate to the repayment of advances required for various purposes and will communicate to all the Provinces any additions to or modifications of that schedule at the time when they are made.

14. In the event of its being necessary to write off any part of an advance as irrecoverable, the loss shall not fall on the Fund but shall be made the occasion of a special Demand Grant to be submitted to the Assembly.

15. The Government of India retain full power to refuse or suspend advances to the Fund and to modify the constitution of the Fund in any way, if the financial position of India makes it imperative that this should be done.

16. The existing rights of the Provinces to borrow otherwise than in the form of advances from the Government of India will not be impaired.

ORDERED that this Resolution be published in the *Gazette of India*.

A. C. MCWATTERS,
Secy. to the Govt. of India.

APPENDIX III (c).

(*See page 31.*)

PROVISION FOR REDUCTION OR AVOIDANCE OF DEBT.

GOVERNMENT OF INDIA RESOLUTION.

Delhi, the 9th December, 1924.

No. F.-13—*II-F.*—The Honourable the Finance Member put forward in his last Budget speech a tentative programme of debt redemption giving the figures of total debt of the Government of India in a comprehensive form and using them to illustrate the adequacy of the provision for debt redemption proposed in the Budget. The subject thus introduced received a considerable amount of public attention at the time, both in the Legislature and in the press, and recently a resolution on the subject was moved by the Honourable Sir Maneckji Dadabhoy in the Council of State and adopted in the following form:—

"That this Council recommends to the Governor General in Council that the Government be pleased to take steps to introduce a considered programme at an early date to provide for an annual provision for the reduction or avoidance of public debt."

2. During the interval that has elapsed since the first tentative proposals were made in connection with the last Budget, the Government of India have carefully considered the question and have now decided to introduce the scheme detailed in the enclosed memorandum with effect from the year 1925-26. The proposals embodied in the memorandum have been accepted by the Secretary of State and the amount of 4 crores mentioned in paragraph 2 of the memorandum is an amount which, having regard to all circumstances, can reasonably be taken as the minimum annual provision for the purpose of redemption during the next five years in respect of debt outstanding on the 31st March, 1923. In calculating the total of the debt charge in the schedule attached to the memorandum exchange has been taken at 1*s.* 4*d.* the rupee. If exchange stands above 1*s.* 4*d.*, the amount of 4 crores proposed would help to amortise the debt at a more rapid pace.

MEMORANDUM.

This scheme shall be in force for the five years 1925-26 to 1929-30 inclusive.

2. There shall be charged against the revenues of India in each year during which this scheme is in force for the purpose of making provision for the reduction or avoidance of debt—

(*a*) a sum of 4 crores, and

(*b*) such additional sum as is equal to one-eightieth of any excess shown in the total of the debt outstanding on the 31st of March of the preceding year over the total outstanding on the 31st March, 1923.

3. The Governor General in Council shall apply the debt charge prescribed above towards meeting (*a*) the Railway sinking fund now in operation, (*b*) the depreciation funds of 1½ per cent. on the 5 per cent. Loans, (*c*) the capital portion of Railway annuities, and (*d*) the capital portion of the annual payment in redemption of India's outstanding liability in respect of the British War Loan, and the

balance, if any, towards the avoidance of new borrowing or the reduction or repayment of such other debt as the Governor General in Council may think fit. Should, however, the total of the first four items exceed, in any year, the amount prescribed, the balance shall be charged to capital.

4. Sums paid into the depreciation funds, if not applied within the year, shall be accumulated at interest until such time as opportunity arises for their application to the purposes of the depreciation funds.

5. For the purposes of this scheme, the total debt outstanding on the 31st of March, 1923, shall be taken as Rs. 8,46·78 crores, made up as shown below, and the total debt outstanding on the 31st of March of any year subsequent to 1923 shall be such total as may be certified by the Auditor General to be the total arrived at by applying similar calculations for subsequent years:—

(*Figures are in crores of rupees, sterling amounts being converted at Rs. 15 per £.*)

	Rs.	Rs.
Rupee Debt exclusive of Treasury Bills in the Paper Currency Reserve	3,61·42	
Sterling Debt	3,63·95	
Unfunded Debt	62·56	
Capital Value of the liabilities undergoing redemption by way of terminable Railway annuities	91·97	
		8,79·90
Deduct—Discount included above but separately provided for	8·23	
Advances to Provincial Governments other than those representing pre-Reform Irrigation Debt	24·89	
		33·12
		8,46·78

ORDERED that this Resolution be published in the *Gazette of India*.

A. C. McWATTERS,
Secy. to the Govt. of India.

Printed by H.M.S.O. Press, Harrow.

FEB. 1929

EAST INDIA: ACCOUNTS AND ESTIMATES 1926-1927.

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EXPLANATORY MEMORANDUM

BY THE

UNDER-SECRETARY OF STATE FOR INDIA

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PRINTED AND PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE
To be purchased directly from H.M. STATIONERY OFFICE at the following addresses:
Adastral House, Kingsway, London, W.C.2; 28, Abingdon Street, London, S.W.1;
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1926.

CMD. 2735. Price 9d. Net.

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MEMORANDUM

BY THE

UNDER-SECRETARY OF STATE FOR INDIA

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA (Central Government) for 1924–25 and the ESTIMATES for 1925–26 and 1926–27.

I.—INTRODUCTORY.

Separation of Central and Provincial Finances.

The Government of India Act, 1919, was designed *inter alia* to secure a greater measure of independence for Provincial Governments, and to this end provision was made, in the Act and in Rules subsequently published under authority of the Act, for the delimitation of the functions of Government as between the Government of India and the chief Provincial Governments, and for the definite assignment to each of these Provincial Governments of specific revenues of their own. Effect has been given to these measures of devolution in the nine "Governor's Provinces" viz.: Madras, Bombay, Bengal, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces, Assam and Burma, and in the Province of Coorg. As regards these provinces the functions of Government have been classified as either "central subjects" or "provincial subjects." A general authority to control all matters coming under the latter head, subject to certain expressed provisos, is devolved upon the Local Governments concerned.

The sources of revenue available to Local Governments for the purpose of defraying their administrative charges consist, in the main, of the receipts from those provincial subjects which are revenue-producing, the principal heads being Land Revenue, Irrigation, Stamp Duties and Excise. In addition, a local Government is given a small share in any expansion of Income Tax (otherwise a "central" source of revenue) that may be due to an increase of the total assessed incomes within the Province over that of 1920–21.

When the division of the sources of revenue was made between the Central and Provincial Governments, it was realized that the Central Government would be left insufficiently provided. It was therefore arranged that an annual contribution should be made by eight of the local Governments to the Central Government. The annual contributions fixed at the outset aggregated 983 lakhs of rupees. They were not, except in case of emergency and with the sanction of the Secretary of State, to be subject to increase and, should reduction of the aggregate be found possible, reductions were to be made in fixed proportions from the quotas of the several Provinces. The general policy which it is intended to pursue in the matter is a progressive reduction of provincial contributions with a view to their ultimate cessation.*

* As special measures, the annual contribution of Rs. 63 lakhs by the Province of Bengal has been remitted for a total period of six years with effect from 1922–23, and for the year 1925–26 a reduction of Rs. 50 lakhs in the aggregate was made in favour of certain provinces. (*See* also page 27).

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The revised financial arrangements outlined above came into force from the 1st April, 1921, as from which date all " provincial " revenue and expenditure ceased to be included in the estimates and accounts of the Central Government. In the case of Coorg the separation was made on 1st April, 1924. The annual volumes of the " Finance and Revenue Accounts of the Government of India," commencing with that for 1921–22, exhibit separately the revenue and expenditure of the Central Government and of each of the Provincial Governments. The Central Government and each Provincial Government issues annually a separate volume containing its own budget estimate for the forthcoming year and, in most cases, a revised estimate for the closing year. This Memorandum, however, deals with the Accounts and Estimates of the Central Government only, except where otherwise stated.

Separation of Railway Finance from General Finance.

In accordance with a Resolution passed in the Legislative Assembly in September, 1924, Railway Finance has been separated from the general finances of Government with effect from the year 1924–25.

Exchange Accounting.

The Government of India's accounts are now kept in rupees. Since the 1st April, 1920, sterling transactions have, for the purpose of the Accounts and Estimates, been converted into rupees on a uniform basis of 2*s.* to the rupee, equivalent to Rs.10 to the £. The actual market value of the rupee, however, has varied considerably from that rate. As a result, the rupee figure shown for any item of English expenditure (as converted at Rs.10 to the £) does not correctly represent the actual charge incurred in making that expenditure. For instance, when a disbursement of £1,000 is made in England, the amount shown in rupees in the accounts as a disbursement in England will be Rs.10,000. But (at the rate of 1s. 6d. to the rupee assumed for the budget estimate of 1926–27) a disbursement of £1,000 represents a real charge of Rs.13,333. The balance of Rs.3,333 is treated as a disbursement on account of " exchange." The procedure by which this is effected is described in the following paragraph.

All exchange credits or debits arising in respect of remittances and cognate transactions, owing to the remittances, etc., having been effected at rates differing from the conventional " conversion rate," are recorded in the first instance under a suspense head. The exchange credits or debits arising from outlay incurred in England in respect of the various heads of the revenue and capital accounts are included in the respective accounts, being calculated monthly on the basis of the average telegraphic transfer rates (Calcutta on London); and those relating to Provincial Governments are charged against those Governments. The suspense head of account referred to above is then reduced by the totals of these exchange adjustments arising from outlay in England; and it is considered with reference to the circumstances of each year whether the resulting balance should be written off to revenue or kept in suspense against the possibility of opposite results in succeeding years. It was estimated that at the end of 1925–26 a net credit balance of Rs.1,45 lakhs would be held in suspense on this account.

Rates of Exchange for the three years under review.—The average of the daily rates (telegraphic transfer, Calcutta on London) for 1924–25 was Rs.13·7064 to the £. The respective rates assumed for the purpose of compiling the Estimates have been :—

For the Budget Estimate of 1925–26, Rs.13·3333 to the £ (1s. 6d. to the rupee).

For the Revised Estimate of 1925–26, Rs.13·2642 to the £ (1s. $6\frac{3}{32}$d. to the rupee).

For the Budget Estimate of 1926–27, Rs.13·3333 to the £ (1s. 6d. to the rupee).

II.—REVENUE, AND EXPENDITURE CHARGED TO REVENUE.

Gross Revenue and Expenditure.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follows :—

Gross Revenue and Expenditure.	Accounts, 1924–25.	Revised Estimate, 1925–26.	Budget, 1926–27.
	Rs.	Rs.	Rs.
Revenue	1,38,03,92,244	1,31,35,25,000	1,30,42,97,000
Expenditure	1,32,35,66,546	1,30,04,87,000	1,30,37,66,000
Surplus	5,68,25,698	1,30,38,000	5,31,000

In these figures all receipts are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure.

The figures of Gross Revenue just given include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges, the total receipts from the sale of opium, and the receipts of certain spending departments; while the figures of Gross Expenditure include the interest charges of commercial undertakings, and the cost of cultivation and manufacture of opium. This method of compilation may cause the revenue available for administrative purposes and the expenditure on such purposes to appear greater than they really are. A statement of the net revenue and expenditure of the Central Government for the three years under review is therefore given in the table below, which shows the *net* revenue derived from commercial undertakings, after deducting all expenditure including interest charges, and *net* figures under other heads of revenue and expenditure obtained by deducting (1) the cost of cultivation and manufacture of opium from sale receipts, and (2) the receipts of the spending departments from the gross expenditure incurred by them. The cost of the establishments maintained for the collection of revenue is not shown as a deduction from revenue, but as a separate head of expenditure.

Net Revenue.

	Accounts, 1924-25.		Budget Estimate, 1925-26.		Revised Estimate, 1925-26.		Budget Estimate, 1926-27.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Principal Heads of Revenue :—*								
1. Customs ..	45,75,31,516		46,35,00,000		46,84,57,000		46,40,00,000	
2. Taxes on Income ..	16,01,48,253		17,34,87,000		16,24,69,000		16,14,67,000	
3. Salt	7,39,04,860		6,95,00,000		6,40,00,000		6,90,00,000	
4. Opium ..	1,44,19,050		1,75,56,000		2,24,10,000		2,25,59,000	
5. Other Heads..	2,06,93,150		2,23,14,000		2,19,05,000		2,25,43,000	
		72,66,96,829		74,63,57,000		73,92,41,000		73,95,69,000
II. *Commercial Undertakings :—*								
1. Railways ..	6,78,41,682		5,23,86,000		5,31,98,000		6,00,87,000	
2. Irrigation ..	*—11,44,365*		*—7,37,000*		*—9,38,000*		*—9,13,000*	
3. Posts and Telegraphs ..	80,37,233		96,28,000		1,72,91,000		*—40,49,000*	
		7,47,34,550		6,12,77,000		6,95,51,000		5,51,25,000
III. *Currency, and Mint*								
1. Currency ..	3,00,06,666		3,26,42,000		3,73,99,000		3,43,44,000	
2. Mint	27,85,149		8,18,000		15,62,000		8,00,000	
		3,27,91,815		3,34,60,000		3,89,61,000		3,51,44,000
IV. *Provincial Contributions and Adjustments*		8,74,46,813		6,06,40,000		6,09,94,000		5,39,12,000
V. *Miscellaneous Civil Receipts* ..		11,57,529		12,24,000		8,63,000		7,97,000
VI. *Extraordinary Items* ..		2,53,50,721		13,33,000		33,70,000		11,00,000
Total Net Revenue ..		94,81,78,257		90,42,91,000		91,29,80,000		88,56,47,000

Net Expenditure

	Accounts, 1924–25.		Budget Estimate, 1925–26.		Revised Estimate, 1925–26.		Budget Estimate, 1926–27.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Debt Services* ..		15,27,22,592		14,57,62,000		14,51,11,000		14,04,65,000
II. *Military Services* :—								
1. Army ..	51,07,38,412		52,45,53,000		52,33,41,000		51,11,68,000	
2. Marine ..	62,97,786		73,67,000		58,59,000		60,93,000	
3. Military Engineer Services	3,93,04,020		3,05,80,000		3,36,00,000		3,15,39,000	
		55,63,40,218		56,25,00,000		56,28,00,000		54,88,00,000
III. *Collection of Revenue*		3,01,45,164		3,48,62,000		3,38,95,000		3,45,73,000
IV. *Civil Administration*		9,38,61,510		10,25,38,000		9,92,17,000		10,67,44,000
V. *Miscellaneous Civil Charges* ..		4,00,99,719		3,70,94,000		4,17,94,000		3,65,01,000
VI. *Civil Works* ..		1,64,51,612		1,58,29,000		1,60,81,000		1,70,13,000
VII. *Salt and other Capital Outlay charged to Revenue* ..		17,31,744		32,93,000		10,44,000		10,20,000
Total: Net Expenditure charged against Revenue		89,13,52,559		90,18,78,000		89,99,42,000		88,51,16,000
Surplus		5,68,25,698		24,13,000		1,30,38,000		5,31,000

Accounts, 1924–25.

It will be seen from the tables on pages 6 and 7 that the final accounts for 1924–25 show a surplus of Rs.5,68,25,698, which is 168 lakhs more than the Revised Estimate of a year ago. The two most important factors that have contributed to this improvement are the increase in the contribution to general revenues from Railways of Rs.114 lakhs and the saving of Rs.70 lakhs in military expenditure.

Revised Estimate 1925–26.

The Revised Estimate of 1925–26 shows a surplus of Rs.1,30,38,000 as compared with a budgetted surplus of Rs.24,13,000. The principal variations from the Budget figures are given in the table below. They include two items of which the Budget made no provision, viz :—(i) a transfer to capital account of Rs.52 lakhs under Posts and Telegraphs on account of stores, and (ii) a loss of revenue of Rs.71 lakhs by the suspension of the Cotton Excise duty on the 1st December, 1925. A supplementary demand for Rs.50 lakhs out of the surplus for the formation of an Archæological Fund to be administered by trustees was refused by the Legislative Assembly. The realised surplus will be applied automatically to the reduction or avoidance of debt.

The increases and decreases as compared with the Budget Estimate were, in detail, as follows :—

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Posts and Telegraphs	76,63,000	Taxes on Income ..	1,10,18,000
Customs	49,57,000	Salt	55,00,000
Opium	48,54,000	Other Heads ..	9,71,000
Currency	47,57,000		
Extraordinary Items	20,37,000		
Other Heads ..	19,10,000		
Total	2,61,78,000	Total ..	1,74,89,000

Net Increase Rs. 86,89,000.

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Miscellaneous Civil Charges ..	47,00,000	Civil Administration	33,21,000
Military Services ..	3,00,000	Salt and other Capital Outlay charged to Revenue	22,49,000
Civil Works	2,52,000	Collection of Revenue	9,67,000
		Debt Services ..	6,51,000
Total	52,52,000	Total ..	71,88,000

Net decrease Rs. 19,36,000.

Notes on the Heads under which the principal variations occur will be found in Appendix I. (*see* p. 22).

BUDGET, 1926-27.

In framing the Budget for 1926-27 the Government of India estimated that, after allowing for the continuance of the crediting to revenue of the interest on the securities in the Paper Currency Reserve and the surplus of the Gold Standard Reserve over £40 million, there would be a surplus of Rs.305 lakhs. With the approval of the Legislature the Government of India will appropriate Rs.175 lakhs of this surplus for the abolition of the Cotton Excise duty (which was temporarily suspended from 1st December 1925) and, in accordance with past expressions of policy, Rs.125 lakhs in further reduction of the provincial contributions to the Central Government as detailed on page 27, with effect from 1926-27; the balance of the reparation receipts from Germany, remaining after payments to local authorities or other persons for loss or damage due to enemy action in the late war, will be used for the reduction or avoidance of debt.

No additional taxation was proposed, and the rates of Salt duty, Postage, Income Tax and Super Tax remain unchanged.

The following reductions were made by the Legislative Assembly in the course of the voting of the demands for grants for 1926-27:—

Expenditure charged to Revenue.

Demand.	*Rs.*
1. Railway Board	9,68,000
4. Railway Working Expenses: Administration	20,01,200

Of these, the Governor General in Council has, under section 67A(7) of the Government of India Act, decided, as essential to the discharge of his responsibility, to restore the whole amount reduced under Demand No. 1 and Rs.20,00,000 out of the amount reduced under Demand No. 4.

In the Budget, as finally passed, the Net Revenue and Expenditure were estimated as follows:—

	Rs.
Net Revenue	88,56,47,000
Net Expenditure	88,51,16,000
Surplus	5,31,000

As compared with the Revised Estimate for 1925-26, these figures show a decrease of Rs.2,73,33,000 andRs.1,48,26,000 in net revenue and net expenditure, respectively, and an estimated surplus of Rs.5,31,000 as compared with a surplus of Rs.1,30,38,000 in 1925-26.

The increases and decreases in the Budget as compared with the Revised Estimate for 1925–26 in detail are as follows:—

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Railways	68,89,000	Posts and Telegraphs	2,13,40,000
Salt	50,00,000	Provincial Contributions and Adjustments	70,82,000
Other Heads	8,12,000	Customs	44,57,000
		Currency	30,55,000
		Extraordinary Items	22,70,000
		Taxes on Income ..	10,02,000
		Other Heads	8,28,000
Total	1,27,01,000	Total ..	4,00,34,000

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Civil Administration ..	75,27,000	Military Services ..	40,00,000
Civil Works	9,32,000	Miscellaneous Civil Charges ..	52,93,000
Collection of Revenue	6,78,000	Debt Services ..	46,46,000
		Salt and Other Capital Outlay charged to Revenue	24,000
Total	91,37,000	Total ..	2,39,63,000

Notes on the Heads under which the principal variations occur will be found in Appendix I. (*See* page 22.)

III.—BURDEN OF TAXATION.

	Accounts, 1924–25.	Budget Estimate, 1925–26.	Budget Estimate, 1926–27.
	Lakhs of Rs.	*Lakhs of Rs.*	*Lakhs of Rs.*
Salt	7,02·67	6,56·65	6,50·72
Stamps	13,26·91	13,24·88	13,91·55
Excise	19,27·18	20,13·82	19,95·51
Customs	45,69·27	46,28·35	46,31·87
Taxes on Income	16,21·24	17,60·37	16,39·67
Registration	1,27·47	1,30·37	1,46·61
Scheduled Taxes	30·56	31·50	44·18
Total (excluding Land Revenue) ..	103,05·30	105,45·94	105,00·11
Land Revenue	35,56·38	35,17·76	35,21·71
Total (including Land Revenue) ..	138,61·68	140,63·70	140,21·82
The payment per head, on the assumption that the whole of the taxation is paid by the inhabitants of British India, is :—	*Rs.*	*Rs.*	*Rs.*
(i) exclusive of Land Revenue ..	4·090	4·164	4·126
(ii) inclusive of Land Revenue ..	5·501	5·553	5·509

The above figures include both Central and Provincial revenue.

For the purpose of calculating the payment per head, the figures of population have been based on the Census of 1921 (247,003,293), an annual increase of population at the rate of one-half per cent. being assumed.

IV.—DEBT TRANSACTIONS AND CAPITAL EXPENDITURE.

Debt Transactions.

1925–26.

No Sterling Loan was issued in 1925–26.

In July, 1925, the Government of India issued a loan in India which was confined to conversions of short-dated bonds. It provided for the conversion of 5½ per cent. War Bonds, 1925, and 6 per cent. Bonds, 1926, into either 5 per cent. Income-tax free Loan, 1945–55, or a new issue of 5 per cent. Ten Year Bonds, 1935, and for the conversion of 6 per cent. Bonds, 1927, and 5½ per cent. War Bonds, 1928, into 5 per cent. Income-tax free Loan, 1945–55. In exchange for each Rs.100 (nominal value) of bonds converted, tenderers were given Rs.100 of new loan or bonds, together with a cash payment varying from Rs.1½ to Rs.7, according to the form of conversion effected.

Arrangements were made for conversions to be effected in India or in London.

The total amount of bonds converted was Rs.30,61,05,100 (nominal), of which the details are as follow:

	Crores of rupees.
Debt discharged.	
5½ per cent War Bonds, 1925	1·68
6 per cent Bonds, 1926	17·84
6 ,, ,, 1927	7·41
5½ ,, ,, 1928	3·68
	30·61
Debt incurred.	
5 per cent Tax-free loan, 1945–55	25·88
5 ,, Bonds, 1935	4·73
	30·61

In June, 1925, the Great Indian Peninsula Railway came under State management and the Secretary of State in Council took over the liability for the £3,500,000 debenture stock. Rs.2·03 crores of the Permanent Debt in India was discharged during the year, of

which 1·77 crores represent Bonds maturing in 1925 which were not converted into the new loan; and apart from the addition of £3,500,000 debenture stock referred to above, 2·2 millions Permanent Debt was discharged in England, including £1·3 millions capital portion of railway annuities and £488,000 of the British war loan liability taken over by India.

There was no sale of Treasury Bills to the public in 1925–26, the amount of Bills outstanding on 31st March, 1926, remaining unchanged at Rs.49,65 lakhs, which were held by the Government on account of the Paper Currency Reserve.

The net receipts from Post Office Cash Certificates was Rs.7,84 lakhs.

1926–27.

The Budget provides for a capital outlay of Rs.26 crores on the construction of State Railways, Rs.59 lakhs on Posts and Telegraphs, Rs.49 lakhs on Vizagapatam Harbour; Rs.35 lakhs in respect of the commuted value of pensions, and Rs.1·01 crores on the new Capital at Delhi; for the discharge in India of:—

Rs.80,000 4 per cent. loans;

Rs. 13,90,000 5½ per cent. War Bonds, 1920 to 1925, which were not presented for repayment on maturity;

Rs.19,90,00,000 6 per cent. Bonds, 1926;

for the discharge in England of:—

£979,495 India 7 per cent. Stock,
£500,000 Indian Railway Debentures;

£511,800 redemption of liabilities assumed in respect of British 5 per cent. War Loan, 1929–47; and

for the payment in England of the purchase price, £3,000,000, of the Delhi-Umballa-Kalka Railway.

The Budget did not provide for the issue of a Sterling Loan, but it assumed the receipt from a Rupee Loan in India of Rs.22 crores, and net receipts of Rs.5½ crores and Rs.4 crores from Savings Bank deposits and Post Office Cash Certificates, respectively.

Since the Budget was presented the Ways and Means position has improved but as it is contemplated, subject to exchange conditions permitting, to discharge approximately £2,000,000 more of the sterling guaranteed railway debentures during the year, the rupee loan has been issued for Rs.25 crores (nominal) at a price equivalent to Rs.22crores cash in respect of subscriptions in cash and in bonds maturing in 1926.

The Rupee Loan was opened on the 7th June 1926 in India and in London. It took the form of a 4 per cent. loan, repayable in

1960–70; it was issued at a cash price of Rs.88 per cent. and provided for subscriptions in cash and 1926 bonds up to a total of Rs.25 crores (nominal) and in 1927 and 1928 bonds to an unlimited extent. Applications for conversions of 1927 and 1928 bonds were accepted up to 26th June, 1926, and subscriptions in the form of 1926, 1927 and 1928 bonds were taken as equivalent in cash at Rs.101 per cent., 102¼ per cent. and 106½ per cent., respectively, of their nominal value. The Rs.25 crores were subscribed in the form of cash and 1926 bonds within a few hours on the opening day, and for the remainder of the period only 1927 and 1928 bonds were admissible in subscription. The total amounts subscribed were approximately, Cash Rs.16,54 lakhs; 1926 Bonds Rs.8,81 lakhs, 1927 Bonds Rs.2,74 lakhs and 1928 Bonds Rs.1,19 lakhs; grand total Rs.29,28 lakhs.

The amount of the permanent and floating public debt of the Government of India (Central Government) outstanding is given in the following table. The figures include debt incurred on behalf of Provincial Governments, the debenture stocks of various railways taken over by the Secretary of State on the transfer of the lines, and the capital value of liabilities undergoing redemption by way of terminable railway annuities.

	In India‡	In England*
	Rs.	£
31st March, 1925..	4,20,02,71,185	341,040,430
31st March, 1926 (Revised Estimate) ..	4,17,99,53,185	342,294,830†
31st March, 1927 (Budget Estimate) ..	4,19,94,33,185	339,189,235§

‡Excludes Post Office Cash Certificates and includes Treasury bills issued to the Paper Currency Reserve.

*Includes liability for British Government 5 per cent. War Loan, 1929–47, taken over by India.

The classification of the public debt of the Government of India and Provincial Governments combined is given on page 16.

Railways.

On the 31st of March, 1925, the length of railways in India open for traffic was 38,270 miles, of which 233 miles were opened in the preceding twelve months. The total route mileage under construction at the close of the year was 1,201 miles. (*See also* App. II. (*b*) (i) page 34.)

The capital expenditure on railways shown in the Government Accounts for 1924–25 and Estimates for 1925–26 and 1926–27, is as follows:

——	Accounts, 1924–25.	Revised Estimate, 1925–26.	Budget, 1926–27.
	Rs.	*Rs.*	*Rs.*
Outlay on lines worked by the State and by guaranteed companies:—			
(1) From funds provided by the State† ..	13,95,24,694	19,59,09,000	26,66,66,000§
(2) From funds raised through companies or provided from other sources† ..	*—49,26,338*	*—9,09,000*	66,66,000
	*13,45,98,356	19,50,00,000	26,00,00,000

* The figures in the above table have been arrived at after allowing for adjustment in respect of exchange.

† Excludes £18,500,000 East Indian Railway Debenture Stock in 1924–25 and £3,500,000 Great Indian Peninsula Railway Debenture Stock in 1925–26, the liability for which was taken over by Government on termination of Companies' contracts, and also £2,575,000 Great Indian Peninsula Railway Stock paid off by the Government in 1925–26.

§ Includes £3,000,000 paid to the Delhi-Umballa-Kalkâ Railway Company in purchase of their line.

In addition to the above figures, capital expenditure is incurred on branch lines from funds deposited by Branch line Companies or advanced by the Government.

The following table shows the capital outlay on all State lines up to the end of the year and the net return obtained. (*See* also Appendix II (*b*) (ii) page 35):—

——	Accounts, 1924–25.	Revised Estimate, 1925–26.	Budget, 1926–27.
Capital at charge at end of each year (Central Government)	*Rs.* 5,94,53,89,690	*Rs.* 6,14,84,05,063	*Rs.* 6,40,83,21,943
Working profit from railways excluding interest charges ..	37,06,63,072	33,40,97,000	34,68,42,000
Percentage of same to capital at charge ..	6·23%	5·43%	5·41%
Final working profit after meeting interest charges	*Rs.* 13,16,48,879	*Rs.* 8,77,19,000	*Rs.* 8,70,94,000
Percentage of same to capital at charge ..	2·21%	1·43%	1·36%

Posts and Telegraphs.

In the Budget for 1926–27 provision has been made of Rs.59·32 lakhs for capital outlay on the Indian Postal and Telegraph Department. The corresponding figures for 1925–1926 were:—Budget Estimate, Rs.213·53 lakhs; Revised Estimate, Rs.228·92 lakhs.

Expenditure on the New Capital at Delhi.

The capital expenditure incurred, or estimated to be incurred, during the three financial years under review, on permanent works at Delhi, is as follows:—

	Rs.
1924–25 (Accounts)	1,42,18,868
1925–26 (Revised Estimate)... ...	1,35,00,000
1926–27 (Budget Estimate)... ...	1,00,50,000

The total actual capital expenditure incurred up to 31st March, 1925, was Rs.10,98,99,109.

Other Capital Expenditure.

Provision has also been made for the following items of expenditure of the Central Government charged outside the Revenue account:—

———	Accounts, 1924–25.	Revised Estimates. 1925–26.	Budget, 1926–27.
	Rs.	*Rs.*	*Rs.*
Construction of Irrigation works	95,898	—1,15,000	—55,000
Capital Outlay on Vizagapatam Harbour ..	—	66,20,000	48,70,000
Payment of commuted value of pensions ..	—	—	35,00,000
Capital outlay on Security Printing	—	16,84,000	1,72,000

Classification of Public Debt.

Immediately prior to 1921–22 the debt of India was classified as (1) Railway Debt, (2) Irrigation Debt, (3) Initial Expenditure on the New Capital at Delhi, (4) Bombay Development Scheme, (5) Ordinary Debt, and (6) Treasury Bills and Short-term loans.

In the table below items (3) and (4) are included under Ordinary Debt.

With effect from 1921–22, the classification has been re-cast, and is now as follows:—

(1) Debt debited to Commercial Departments, subdivided into (*a*) Railways, (*b*) Posts and Telegraphs, (*c*) Irrigation, (*d*) Forests, (*e*) Salt (*f*) Industries (*g*) Vizagapatam Port and (*h*) Security Printing Press.

(2) Ordinary debt, and

(3) Floating Debt, *i.e.*, Treasury Bills and Short-term loans.

The portion of the Public Debt shown as incurred for Commercial Departments is determined with reference to the actual capital outlay in those departments provided from Government resources, irrespective of whether it has been financed by loans raised by Government or otherwise, *e.g.*, by appropriations from revenue,* deposits or miscellaneous funds. The funds devoted to capital expenditure in any year normally exceed the money raised by loan for the purpose. When this is the case, the adoption of the method explained above for calculating the amount of debt utilised for Commercial Departments results in the increase of the amount of this category of debt and affords *pro tanto* relief to the ordinary (or unproductive) debt, corresponding roughly to the extent to which funds raised otherwise than by borrowing are devoted to capital outlay on commercial undertakings. The operation is reversed in any year in which, owing to unfavourable financial conditions, funds obtained by loans are used in the ordinary disbursements of Government.

In the following table, which includes the public debt of the Central and the Provincial Governments, the sterling and rupee debts of India have been combined at the rate of Rs. 10=£1.

	31/3/19.	31/3/20.	31/3/21.	31/3/22
Debt debited to Commercial Departments:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Railways	3,37,55,63,850	3,50,85,85,130	3,77,45,54,938	3,99,67,52,477
Irrigation	66,73,60,220	67,50,86,770	68,77,12,546	78,00,79,612
Posts and Telegraphs				15,23,64,560
Forests				3,09,239
Ordinary Debt	56,73,55,070	51,12,72,870	31,74,49,724	30,91,44,589
‡Floating Debt	49,24,30,000	52,98,00,000	1,04,93,10,000	1,11,85,70,000
Total	5,10,27,09,140	5,22,47,44,770	5,82,90,27,208	6,35,72,20,477

	31/3/23.	31/3/24.	31/3/25.	31/3/26.†
Debt debited to Commercial Departments:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Railways	4,18,74,34,019	4,39,17,70,551	5,40,31,07,055	5,67,33,35,000
Irrigation	81,26,69,476	85,80,79,254	89,89,08,175	95,86,68,000
Posts and Telegraphs	15,89,26,566	16,64,48,126	17,82,04,007	19,90,78,000
Forests	8,73,542	14,75,175	31,84,651	66,84,000
Salt			73,91,575	82,43,000
Industries			1,85,436	2,82,000
Vizagapatam Port				56,00,000
Security Printing Press				21,62,000
Ordinary Debt	80,06,23,706	96,34,31,714	77,82,43,785	41,34,01,000
‡Floating Debt	71,23,90,000	51,77,20,000	49,65,40,000	49,65,15,000
Total	6,67,29,17,309	6,89,89,24,820	7,76,57,64,684	7,76,39,68,000

* As regards Budget provision for reduction or avoidance of debt see page 29.

† Figures for 31/3/26 are provisional.

‡ The floating debt includes the Treasury Bills held on account of the Paper Currency Reserve, of which the amounts outstanding were as follows:—

31/3/19	*Rs.* 6,40,00,000	31/3/23	*Rs.* 49,65,00,000
31/3/20	*Rs.* 10,09,00,000	31/3/24	*Rs.* 49,65,00,000
31/3/21	*Rs.* 61,26,00,000	31/3/25	*Rs.* 49,65,00,000
31/3/22	*Rs.* 57,89,00,000	31/3/26	*Rs.* 49,65,00,000

Miscellaneous Liabilities and Assets.

There are also other obligations of Government. Those classified as Unfunded Debt are interest bearing obligations relating to funds deposited with Government for various purposes; they include Service Funds, Savings Bank deposits and Post Office Cash Certificates &c., amounting on 31st March, 1926, to Rs. 94 crores. Other deposits with Government include Departmental, Judicial and Local Fund deposits.

On the 31st March 1926, also, the Government of India had lent Rs.11,49·6 lakhs (net) to Indian States, Corporations, Agriculturists, etc. Other assets included the Gold Standard Reserve, consisting of sterling securities of an estimated value of £39,999,175 and £825 in cash; the cash balances in India, Rs.25,15¾ lakhs and the Treasury balances in England, £14,908,481.*

* The figures in the final sentence are actuals, and hence differ from the "Revised Estimate" figures in the following statement.

V.—GENERAL STATEMENT OF THE RECEIPTS AND DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

The following table shows the opening balances, receipts, disbursements and closing balances, estimated or actual, of the Government of India in 1924–25, 1925–26, and 1926–27.

	Accounts, 1924–25.	Budget, 1925–26.	Revised Estimate, 1925–26.	Budget, 1926–27.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Opening Balance, India	31,13,62,292	24,26,92,292	31,73,60,743	22,88,39,743
Opening Balance, England	(*a*)10,38,42,476	(*a*)11,86,63,476	(*b*)13,51,68,257	(*b*)14,49,33,257
Total Opening Balance	41,52,04,768	36,13,55,768	45,25,29,000	37,37,73,000
RECEIPTS—				
Revenue Surplus	5,68,25,698	24,13,000	1,30,38,000	5,31,000
Capital Contributions by Railway Companies and Indian States towards construction of State Railways	14,04,878	*—4,84,63,000*	97,49,000	2,95,19,000
Permanent Debt (net incurred)	11,74,76,934	8,95,14,000	—	—
Unfunded Debt (net incurred)	8,96,12,039	9,80,21,000	12,75,77,000	9,58,16,000
Deposits and Advances (net)	*—6,72,93,030*	8,81,41,000	9,71,05,000	7,01,96,000
Railway Depreciation and Reserve Funds	9,05,76,901	4,51,94,000	6,63,41,000	5,25,07,000
Remittances (net)	1,13,35,974	—	17,000	—
Balances of Provincial Governments (net)	2,64,95,115	31,82,000	2,45,93,000	29,000
Total Receipts	32,64,34,509	27,80,02,000	33,84,20,000	24,85,98,000
Total	74,16,39,277	63,93,57,768	79,09,49,000	62,23,71,000
DISBURSEMENTS—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Construction of State Railways	13,45,98,256	23,00,00,000	19,50,00,000	26,00,00,000
Discharge of Debentures	63,31,216	—	1,06,58,000	3,61,85,000
Redemption of liabilities involved in the purchase of Railways	—	3,43,33,000	3,41,55,000	—
Capital Outlay on Indian Postal and Telegraph Department	1,17,55,881	2,13,53,000	2,28,92,000	59,32,000
Construction of Irrigation Works	95,898	27,000	*—1,15,000*	*—55,000*
Capital outlay on Vizagapatam Harbour	—	—	66,20,000	48,70,000
Payment of Commuted Value of Pensions	—	—	—	35,00,000
Initial Expenditure on new Capital at Delhi	1,42,18,868	1,55,00,000	1,35,00,000	1,00,50,000
Capital outlay on Security Printing	—	—	16,84,000	1,72,000
Permanent Debt (net discharged)	—	—	3,97,60,000	89,17,000
Floating Debt (net Discharged)	2,11,80,000	—	40,000	—
Loans and Advances by Central Government (net Advances)	1,22,63,059	14,79,30,000	9,29,82,000	8,06,23,000
Loans between Central and Provincial Governments (net Advances)	8,86,60,999	— (*c*)	—	—
Remittances (net)	—	9,65,000	—	5,48,000
Total Disbursements	28,91,10,277	45,01,08,000	41,71,76,000	41,07,42,000
Closing Balance	45,25,29,000	18,92,49,768	37,37,73,000	21,16,29,000
Total	74,16,39,277	63,93,57,768	79,09,49,000	62,23,71,000
DISTRIBUTION OF CLOSING BALANCE—				
Closing Balance, India	31,73,60,743	13,13,48,292	22,88,39,743	15,61,98,743
Closing Balance, England	(*b*)13,51,68,257	(*a*)5,79,01,476	(*b*)14,49,33,257	(*b*)5,54,30,257

(*a*) Of this amount, Rs. 9,414 represents the funds of the Gold Standard Reserve.
(*b*) Of this amount, Rs. 31,860 represents the funds of the Gold Standard Reserve.
(*c*) Replaced from 1925–26 by Advances to Provincial Loans Fund, *see* previous item and page 29.

VI.—GOLD STANDARD RESERVE.

In accordance with the recommendation made by Sir Henry Fowler's Committee, it was decided that, with effect from 1st April, 1900, the net profit from the coinage of rupees should not be treated as Revenue, but should be held as a special reserve, now called the Gold Standard Reserve.

The principal objects for which the Reserve is maintained are (1) to provide funds from which the Secretary of State for India can finance his requirements at times when he cannot conveniently arrange for remittance of funds from India by selling Council drafts on India or otherwise, and (2) to furnish resources against which, in normal times, sterling drafts may, if necessity arises, be sold by the Government of India to remitters in India, with a view to preventing a depreciation of the exchange. The earlier history of the Reserve is described in the Explanatory Memorandum for 1922-23. [Command Paper 1766 of 1922.]

In 1921-22 and 1922-23 the assets of the Gold Standard Reserve in excess of £40,000,000, on the basis of current market prices, were appropriated in reduction of the outstanding fiduciary currency; but from 1923-24, the corresponding assets have been appropriated to revenue.

Statistics, etc., regarding the Gold Standard Reserve.

The total receipts from profit on coinage, interest and discount, and profit by exchange up to 31st March, 1925, were as follows:—

	£
Profits on Coinage—from 1900-01	28,573,606
Interest and discount	21,572,339
Profit by exchange	194,917
	50.340,862

Of this sum, £1,123,655 has been used for capital expenditure on railways; the remainder, out of which £2,866,217 has been transferred to the Paper Currency Reserve in reduction of created Rupee securities and £4,523,874 has been transferred to Revenue, has been credited to the Reserve. The following table shows the disposal of the sums paid to the Reserve up to 31st March, 1926:—

	£	£
Profits on Coinage paid to Gold Standard Reserve—		
Total Profits realized since 1st April, 1900	28,573,606	
Deduct amount used for Capital Expenditure on Railways ..	*1,123,655*	
		27,449,951
Interest and discount received up to 31st March, 1926	21,572,339	
Profit by exchange ..	194,917	
Profit through appreciation	214,055	
		21,981,311
Profits and Interest paid to Reserve from 1st April, 1900, to 31st March, 1926		49,431,262
Deduct—		
Loss on Sale, Redemption, and Conversion of Securities ..	*2,020,597*	
Transferred to Paper Currency Reserve in reduction of created securities	*2,866,217*	
Transferred to Revenue	*4,523,874*	
Miscellaneous Charges	*20,574*	
		9,431,262
Amount of Reserve on 31st March, 1926 ..		£40,000,000

	£
Sterling Securities held in England (estimated value)	39,999,175
Cash held in England on account of the Reserve	825
	£40,000,000

The securities, estimated at £39,999,175 (as shown above), were as follows:—

Securities.	Nominal Value.	Cost Price.	Estimated Value on 31st March, 1926.
	£	£	£
National War Loan	1,991,352	1,958,963	1,976,325
National War Bonds	13,235,000	14,064,021	14,129,877
Treasury Bonds	15,980,000	15,958,710	16,061,505
Treasury Bills	7,885,000	7,803,426	7,831,468
Total	39,091,352	39,785,120	39,999,175

The net profit on the Gold Standard Reserve Investments up to 31st March, 1926, is shown below:—

	£	£
Estimated value of securities on 31st March, 1926		39,999,175
Cost price of securities held on 31st March, 1926		39,785,120
Gain through Appreciation		214,055
Loss on sale and redemption of securities ...		2,020,597
Net Loss		1,806,542
Miscellaneous charges		20,574
Total of losses and charges		1,827,116
Interest and Discount received up to 31st March, 1926	21,572,339	
Profit by exchange	194,917	
		21,767,256
Net profit on investments		£19,940,140

VII.—EXCHANGE AND REMITTANCE.

The sales in London by the Secretary of State of Bills and Transfers on India, the purchases of sterling in India by the Government of India and the purchases by the Secretary of State of proceeds of loans raised in London by Indian public bodies during the last ten years, have been as follows:—

Year.	Sale of Bills and Transfers on India by the Secretary of State.	Purchases of Sterling by the Govt. of India.	Purchases by the Secretary of State of proceeds of Loans raised in London by Indian public bodies.	Total.	Average Rate of Exchange per Rupee.
	£	£	£	£	s. d.
1916–17..	33,021,429	—	—	33,021,429	1 4·148
17–18..	34,913,141	—	—	34,913,141	1 4·534
18–19..	22,539,438*	—	—	22,539,438	1 5·499
19–20..	27,524,437†	—	—	27,524,437	1 10·643
20–21..	nil	—	—	nil	—
21–22..	nil	—	—	nil	—
22–23..	2,570,026	70,000	2,126,210	4,766,236	1 4·200
23–24..	8,738,705	13,100,000	1,302,959	23,141,664	1 4·632
24–25..	7,579,162	33,191,000	700,000	41,470,162	1 5·661
25–26..	—	46,316,500	—	46,316,500	1 6·152

* In addition, £3,372,617 Council Bills were sold to Exchange Banks under special conditions at the rate of 1s. 4·16*d*.

† In addition, £3,701,782 Council Bills were sold to Exchange Banks under special conditions at the rate of 1s. 4·52*d*.

The sales by the Government of India of immediate and deferred telegraphic transfers on London during the last ten years have been as follows:—

1916–17 .. *Nil.*
1917–18 .. *Nil.*
1918–19 .. £5,315,000 Transfers at average rate of 1*s.* 5$\frac{31}{32}$*d.* the rupee for immediates and 1*s.* 6$\frac{1}{32}$*d.* for deferreds.
1919–20 .. £24,544,000 Transfers at average rate of 2*s.* 7·986*d.* the rupee for immediates and 2*s.* 6·009*d.* for deferreds.
1920–21 .. £30,988,000 Transfers at average rate of 2*s.* 2·402*d.* the rupee for immediates and 2*s.* 2·038*d.* for deferreds.
1921–22 .. *Nil.*
1922–23 .. *Nil.*
1923–24 .. *Nil.*
1924–25 .. *Nil.*
1925–26 .. *Nil.*

VIII.—SEA-BORNE TRADE.

The figures of Exports from, and Imports into, India during 1923–24, 1924–25 and 1925–26, are given in Appendix II (c) on pages 36 to 41.

WINTERTON.

India Office,
August, 1926.

APPENDIX I.

NOTES ON CERTAIN HEADS OF NET REVENUE AND EXPENDITURE.

Net Revenue.

Customs.

	Rs.
Accounts, 1924–25	45,75,31,516
Budget, 1925–26	46,35,00,000
Revised Estimate, 1925–26	46,84,57,000
Budget, 1926–27	46,40,00,000

The gross receipts in 1925–26 are 30 lakhs more than the Budget.

The net receipts from Customs are expected to be in the aggregate nearly 50 lakhs more than originally estimated. The largest increases as compared with the Budget were under the heads sugar, tobacco, motor cars, rubber tyres, and protective duties on iron and steel, etc., and the export duty on rice and the excise duty on motor spirit. Decreases have occurred under cotton piece goods, cotton excise duty (suspended from 1st December, 1925) iron and steel, railway plant and manufactured articles and the export duty on jute. It is also expected that there will be a substantial saving under refunds.

The Budget estimate for 1926-27 was framed in the expectation of a normal growth of revenue under most heads, in particular of an increase in the yield from the import duty on cotton piece goods. Allowance was made for a decrease in the duty on sugar imports, which was abnormally high in 1925-26.

The details of the receipts under the respective heads are given in the table on page 219 and 220 of the Indian Budget for 1926–27. (H.C. 108 of 1926.)

Taxes on Income.

—	Accounts, 1924–25.	Budget, 1925–26.	Revised Estimate, 1925–26.	Budget, 1926–27.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Excess Profits Duty	22,728	nil	1,000	1,000
Super Tax	4,79,01,874	5,23,29,000	4,93,03,000	4,68,00,00
Income Tax	12,40,36,092	13,33,24,000	12,94,51,000	13,03,22,00
Total Taxes on Income	17,19,60,694	18,56,53,000	17,87,55,000	17,71,23,000
Deduct Refunds	*98,36,743*	*96,16,000*	*1,38,64,000*	*1,31,56,000*
Total Revenue	16,21,23,951	17,60,37,000	16,48,91,000	16,39,67,000
Deduct Share of Provincial Governments under Devolution Rules	*19,75,698*	*25,50,000*	*24,22,000*	*25,00,000*
Revenue of Central Government	16,01,48,253	17,34,87,000	16,24,69,000	16,14,67,000

The revised estimate for 1925–26 falls short of the Budget estimate for that year by Rs.110 lakhs net, due to decreases in Super Tax Rs.30 lakhs, and Income Tax Rs.39 lakhs, and to increase in refunds of Rs.42 lakhs. Of the decreased receipts Rs.24 lakhs and 36 lakhs, respectively, pertained to Bombay, where the cotton mill industry has experienced serious difficulties during the last two years.

The Budget estimate for 1926–27 is based generally on the revised estimate of the previous year, due allowance being made for a possible further decrease in the receipts in Bombay. Slight increases set off by decreases elsewhere, are expected, mainly in Burma and Madras; a decrease in Refunds is also anticipated.

Salt.

	Rs.
Accounts, 1924–25	7,39,04,860
Budget, 1925–26	6,95,00,000
Revised Estimate, 1925–26	6,40,00,000
Budget, 1926–27	6,90,00,000

The revised estimate for 1925–26 is less than the Budget figure for that year by Rs.55 lakhs, insufficient allowance having been made for the large accumulation of stocks which followed on the reduction of duty in March, 1924.

The estimate for 1926–27 assumes that accumulated stocks will have been worked off by the end of March, 1926.

Opium.

—	Accounts, 1924-25.	Budget, 1925-26.	Revised Estimate, 1925-26.	Budget, 1926-27.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Receipts—*less* refunds	3,79,76,177	3,55,85,000	4,39,00,000	3,80,00,000
Charges—including exchange	*2,35,57,127*	*1,80,29,000*	*2,14,90,000*	*1,54,41,000*
Net revenue	1,44,19,050	1,75,56,000	2,24,10,000	2,25,59,000

Most of the opium exported was supplied during 1925–26 at fixed prices to certain other Governments, principally Malaya, the Netherlands Indies and Siam; the balance for export being sold by auction at Calcutta. An agreement for direct sale has now been concluded with the Government of French Indo-China and the Government of India have consequently been able to discontinue the system of auction sales with effect from 7th April, 1926. In no case are exports permitted without an import certificate by the Government of the country of import as prescribed by the League of Nations.

It has been decided to reduce the total of the opium exported in the calendar year 1926 by 10 per cent. annually in each subsequent year until exports are totally extinguished at the end of 1935.

Excise opium is sold to Provincial Governments for internal consumption in India at a fixed price based on the cost of production. This opium is retailed to licensed vendors at rates fixed by the Provincial Governments and varying from Province to Province.

The increased receipts in 1925–26 as compared with the Budget estimate are due to larger stocks of excise opium being taken over and paid for by the Provincial Governments on 1st April, 1925, increased payments for exported opium due to shipments being delayed in the last quarter of the previous year, improved receipts from auction sales and to certain unforeseen receipts on account of medical opium.

In 1926–27 less receipts from opium taken over by Provincial Governments are estimated and a drastic reduction in cultivation is expected to result in a large decrease in expenditure.

Railways.

	Accounts, 1924–25.	Revised Estimate, 1925–26.	Budget Estimate, 1926–27.
REVENUE.			
State Railways—	Rs.	Rs.	Rs.
(1) Commercial Lines :—			
Gross Receipts	99,44,69,321	98,92,66,000	1,01,42,01,000
Deduct —			
Working Expenses	*60,95,02,236*	*63,87,41,000*	*65,18,94,000*
Surplus Profits paid to Indian States and Railway Companies	*1,42,27,560*	*1,75,90,000*	*1,51,00,000*
Net Receipts	37,07,39,525	33,29,35,000	34,72,07,000
(2) Strategic Lines :—			
Gross Receipts	1,59,86,637	1,63,75,000	1,67,43,000
Deduct :—			
Working Expenses	*1,95,76,450*	*2,04,94,000*	*2,11,05,000*
Net Receipts	*—35,89,813*	*—41,19,000*	*—43,62,000*
Total Net Receipts—Commercial and Strategic Lines	36,71,49,712	32,88,16,000	34,28,45,000
Interest on Depreciation and Reserve Funds	21,28,998	54,06,000	81,54,000
Subsidized Companies : Government Share of Surplus Profits	30,15,987	34,69,000	34,34,000
Total Revenue	37,22,94,697	33,76,91,000	35,44,33,000
EXPENDITURE.			
Interest Charges :—			
(1) Commercial Lines	22,67,37,108	23,37,74,000	24,67,64,000
(2) Strategic Lines	1,22,77,085	1,26,04,000	1,29,84,000
Total Interest Charges (a)	23,90,14,193	24,63,78,000	25,97,48,000
Other Expenditure	16,31,625	35,94,000	75,91,000
Transferred to Reserve Fund (*b*)	6,38,07,197	3,45,21,000	2,70,07,000
Total Expenditure	30,44,53,015	28,44,93,000	29,43,46,000
Total Payment from Railways to General Revenues	6,78,41,682	5,31,98,000	6,00,87,000
Comprising (*b*) :—			
Contribution	5,09,38,083	5,09,38,000	6,00,87,000
One-third of Excess of Railway Surplus over three crores	1,69,03,599	22,60,000	—

(*a*) The annual provision for the repayment of capital through the railway annuities and sinking funds, amounting to £1,600,000 approximately, has been excluded from the Railway Revenue Account with effect from the Budget of 1924–25.

(*b*) *See* remarks below.

In accordance with the resolution passed by the Legislative Assembly in September, 1924, railway finance was separated from the general finances of the Government of India with effect from 1924–25. The Railways have now to meet all working expenses, including interest charges of commercial lines, and after meeting these charges they have to make a contribution to general revenues equal to 1 per cent. on the capital at charge of the commercial lines in the penultimate year *plus* one-fifth of surplus profits in such

penultimate year and one-third of the amount remaining available for transfer to Railway reserves in excess of Rs. 3 crores. It had, however, been specially arranged that the calculation of the contribution in 1924–25 of 1 per cent. on the capital at charge and one-fifth of surplus profits, should be based on the actuals for 1923–24.

The net payments due from the Railways to general revenues of the Central Government in 1924–25, 1925–26 and 1926–27, calculated in the manner explained above, are as follows :—

	Accounts, 1924–25.	Revised Estimate, 1925–26.	Budget Estimate, 1926–27.
	Rs.	*Rs.*	*Rs.*
1 per cent. on Capital at charge, commercial lines	5,40,38,966	5,40,38,966	5,80,75,631
One-fifth of surplus profit	90,03,230	90,03,230	1,78,90,498
	6,30,42,196	6,30,42,196	7,59,66,129
Deduct Interest on capital and loss in working of strategic lines	*1,21,04,113*	*1,21,04,113*	*1,58,79,241*
Contribution	5,09,38,083	5,09,38,083	6,00,86,888
One-third of excess of railway surplus over 3 crores ..	1,69,03,599	22,60,000	—
Total payment to general revenues	6,78,41,682	5,31,98,083	6,00,86,888

It will be seen from the foregoing tables and the Net Revenue table on page 6 that the net revenue of the Central Government from the Railways is as follows, viz. :—

1924–25 Accounts, Rs.6,78,41,682; 1925–26 Budget, Rs.5,23,86,000; 1925–26 Revised Estimate, Rs. 5,31,98,000; and for 1926–27 Budget, Rs.6,00,87,000.

The gains from Commercial lines in the same years are: 1924–25 Accounts, Rs.14,75,28,120; 1925–26 Revised Estimate, Rs.10,44,86,000; and 1926–27 Budget, Rs.10,44,62,000.

The Railway Depreciation and Railway Reserve Funds are estimated to have closing balances on 31st March, 1927, of Rs.926 lakhs and Rs. 1215 lakhs, respectively.

The East Indian Railway came under State management on the 31st December, 1924, and the Great Indian Peninsula Railway on the 30th June, 1925. The Delhi-Umballa-Kalka Railway was purchased by the Secretary of State on 1st April, 1926.

Posts and Telegraphs.

—	Accounts, 1924-25.	Budget, 1925-26.	Revised Estimate, 1925-26.	Budget, 1926-27.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Indian Postal and Telegraph Department:—				
Gross Receipts	9,97,28,488	10,41,32,000	10,23,47,000	10,64,65,000
Expenditure..	*9,22,91,595*	*9,46,51,000*	*8,57,00,000*	*10,94,52,000*
Net Receipts *or Expenditure* ..	74,36,893	94,81,000	1,66,47,000	*29,87,000*
Indo-European Telegraph Department:—				
Gross Receipts	40,71,256	40,30,000	37,55,000	34,04,000
Expenditure..	*34,70,916*	*38,83,000*	*31,11,000*	*44,66,000*
Net Receipts *or Expenditure* ..	6,00,340	1,47,000	6,44,000	*10,62,000*
Total Net Receipts *or Expenditure*	80,37,233	96,28,000	1,72,91,000	*40,49,000*

Indian Postal and Telegraph Department.—The revised estimate of gross receipts in 1925–26 is about Rs.18 lakhs less than the original Budget figures. On the other hand, later calculations of capital outlay enabled interest charges to be reduced by Rs.17 lakhs, and in addition the working expenses are Rs. 19 lakhs lower. Part of this latter improvement is due to the correction in the current year's accounts of a previous adjustment to the extent of about 8 lakhs under stationery and printing charges.

In the Budget for 1926–27 the increase under working expenses as compared with the revised estimate for 1925–26 is nearly Rs.61 lakhs, while the increase in revenue is only Rs.41 lakhs. Part of the increase is due to the fact that the provision for postal stationery and stamps is Rs.13 lakhs higher, owing to the expenditure in 1925–26 being abnormally low, as the Department was using up stocks previously accumulated. The increased expenditure on travelling allowances owing to the withdrawal of free railway passes is about Rs.10 lakhs. A sum of about Rs.15 lakhs has been included in the Budget for 1926–27 for the grant of concessions to postal employees.

Currency.	*Rs.*
Accounts, 1924–25	... 3,00,06,666
Budget, 1925–26	... 3,26,42,000
Revised Estimate, 1925–26 ...	... 3,73,99,000
Budget, 1926–27	... 3,43,44,000

The greater part of the net revenue receipts shown under Currency ordinarily arises from the interest on the securities in the Paper Currency Reserve, and in respect of loans to the Imperial Bank against inland bills of exchange. Under the Indian Paper Currency Act this interest was earmarked for reduction of created securities in the Paper Currency Reserve. This provision has, however, been temporarily suspended since 1921–22 by legislation and the interest credited to revenue.

The increase in the revised estimate for 1925–26 as compared with the Budget estimate for the year was due mainly to the fact that the holding of sterling securities in the Paper Currency Reserve was larger, and rates of interest higher, than anticipated.

The Budget estimate for 1926–27 does not provide for any receipts on account of interest on emergency currency issued to the Imperial Bank of India against internal bills of exchange. In other respects it assumes more normal conditions than prevailed in 1925–26.

Provincial Contributions and Adjustments.

—	Accounts, 1924-25.	Budget, 1925-26.	Revised Estimate, 1925-26.	Budget, 1926-27.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Contributions	9,20,12,000	6,20,12,000	6,20,12,000	5,45,12,000
Miscellaneous adjustments (*net charges*) . .	*—45,65,187*	*—13,72,000*	*—10,18,000*	*—6,00,000*
Total (net receipts)	8,74,46,813	6,06,40,000	6,09,94,000	5,39,12,000

Contributions.—It was provided by the Devolution Rules, made under Section 45A of the Government of India Act, that in the year 1921–22 contributions of specified amount, and in future years similar contributions or such smaller sums as might be determined by the Governor-General in Council, should be paid by the Local Governments to the Government of India. If for any year the total of the contributions were reduced, reductions should be made in respect of those Local Governments only whose last previous annual contribution should have exceeded the specified proportion of the smaller sum so determined as the total contribution, and any reduction so made should be proportionate to such excess.

The Government of India have, with the concurrence of the Legislature, made the further remissions shown below of contributions totalling Rs.125 lakhs with effect from 1st April, 1926.

Name of Province.	Amount remitted in 1926-27.	Contribution for 1926-27.
	Lakhs of Rupees.	Lakhs of Rupees.
Madras	57	165
Bombay	—	56
Bengal	—	*Nil.**
United Provinces . .	33	151
Punjab	28	86
Burma	7	50
Bihar and Orissa	—	*Nil.*
Central Provinces	—	22
Assam	—	15
Total	125	545

* For temporary remission of Bengal contribution (Rs. 63 lakhs), *see* footnote on page 3.

In addition to the above contributions the Province of Coorg contributes to the Central Government Rs.12,000 annually towards the pay of the Chief Commissioner and his establishment.

Adjustments.—In the Budget for 1926–27, the payments consist of the assignments to the Governments of Bombay, Bihar and Orissa, Central Provinces, and Assam on account of Customs duty on imported stores.

Extraordinary Receipts.

	Accounts 1924–25.	Budget 1925–26.	Revised Estimate 1925–26.	Budget 1926–27.
	Rs.	Rs.	Rs.	Rs.
Receipts	2,54,52,356	38,33,000	59,47,000	16,00,000
Payments	*1,01,635*	*25,00,000*	*25,77,000*	*5,00,000*
Net Receipts ..	2,53,50,721	13,33,000	33,70,000	11,00,000

The major revenue head of account " Extraordinary Receipts and Payments " was opened for the first time in 1923–24 to record special receipts and charges of a non-recurring character, which it was considered desirable to distinguish from the ordinary revenue and expenditure of Government.

The increase in the revised estimate for 1925–26 of receipts is partly explained by a receipt of Rs.9 lakhs on account of reparation receipts from Germany and the balance is due to the receipts on account of enemy ships being more than expected.

The receipt of Rs.16 lakhs included in the Budget estimate for 1926–27 is on account of expected reparation receipts from Germany, and the provision of Rs.5 lakhs under payments is required to meet enemy debts due by British Nationals in India which are irrecoverable and are payable by the Government of India in accordance with the Peace Treaty.

Net Expenditure.

Debt Services.

——	Accounts, 1924–25.	Budget, 1925–26.	Revised Estimate, 1925–26.	Budget, 1926–27.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Total payments for Interest on Debt ..	37,56,02,751	38,02,48,000	38,00,49,000	37,94,17,000
Deduct amounts chargeable to—				
*Railways .. .. ..

The Revised Estimate of interest charges on permanent debt in 1925–26 exceed the Budget estimate for that year by Rs.35 lakhs owing to the capital expenditure on railways having been less by Rs.3½ crores than budgeted, to a reduction in the interest chargeable to the Posts and Telegraphs Department, and to the fact that the rate of interest chargeable on railway and other capital expenditure since 1st April, 1917, which is arrived at by taking the average rate paid during the year by the Government of India on loans issued since that date, has proved to be less than the figure assumed for the purposes of the Budget. On the other hand, the revised figures of 1925–26 profit by an unexpected credit of Rs.30 lakhs owing to the payment by the Bombay Government of interest to the Provincial Loans Fund for 15 months instead of 12 months—a change of procedure introduced in order to bring their interest dates to the 31st March in each year. There was also an increase of Rs.43 lakhs on the receipt side owing mainly to higher rates for short money in London and the higher balances there.

The net payments of interest on debt in 1926–27 show a considerable decrease compared with the previous year, partly as a result of the conversion loan and also owing to the fact that capital expenditure (including Provincial Governments' transactions) was met in 1925–26 without further borrowings.

Provincial Loans Fund.—A Provincial Loans Fund has been established with effect from 1st April, 1925, to systematise the arrangements by which advances are made by the Central Government to the Provincial Goverments. Advances to the Provincial Governments, which were previously made direct to them by the Central Government, are now to be made from the Provincial Loans Fund, which receives advances from the Central Government. As regards advances to Provincial Governments sanctioned prior to the constitution of the Fund, the latter will simply take the place of the Government of India *vis-á-vis* the Provinces. The Fund is charged with interest on the basis of the cost of new borrowing to the Government of India from time to time. Interest so charged in the above table takes the place, as from 1925–26, of that previously charged direct to the Provincial Governments.

Interest on other obligations.—This includes interest on Postal Savings Bank balances, bonus on Postal Cash Certificates, and interest on Railway Depreciation and Reserve Funds, Provident Funds in the hands of the Central Government, Posts and Telegraphs Depreciation Fund, and on Fixed Deficits of Provincial Governments.

Reduction or Avoidance of Debt.—With effect from 1925–26 a scheme has been introduced, for five years, to stabilise the annual provision from revenue for the reduction or avoidance of debt (which will include certain obligatory payments estimated to amount to Rs.426·57 lakhs in 1926–27) at Rs.4 crores *plus* a sum representing one-eightieth of the net amount of new debt contracted (up to the end of the previous year) since 31st March, 1923. For 1926–27 the amount so provided was Rs.482·63 lakhs.

Previously an amount equivalent to the Customs Revenue on State Railway Capital Stores was added, but it has been decided to discontinue this procedure from the beginning of the year 1926–27. The Budget for that year has been framed accordingly. On the other hand the Budget includes a provision of Rs.16 lakhs as the estimated balance of receipts to the end of the year, which will remain out of India's share of the annuities payable by Germany after payment to local authorities or other persons of reparation for loss or damage due to enemy action in the late war.

Interest Receipts.—The receipts include interest received in England on the balances of the Secretary of State, and in India on loans granted by the Central Government to Indian States and to Railway Companies.

Military Services.

	Accounts, 1924–25.	Budget, 1925–26.	Revised Estimate, 1926–27.	Budget, 1925–26.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Army	51,07,38,412	52,45,53,000	52,33,41,000	51,11,68,000
Marine	62,97,786	73,67,000	58,59,000	60,93,000
Military Engineer Services	3,93,04,020	3,05,80,000	3,36,00,000	3,15,39,000
Total	55,63,40,218	56,25,00,000	56,28,00,000	54,88,00,000

Since 1920–21 substantial reductions have been effected in the expenditure on the Military Services, as evidenced by the following figures of net expenditure :—

	Rs. Crores.
1920–21	87·4
1921–22	69·8
1922–23	65·27
1923–24	56·23
1924–25	55·63
1925–26 (Revised Estimate)	56·28
1926–27 (Budget Estimate)	54.88

The accounts of years prior to 1923–24 were affected by abnormal conditions, such as operations on the North-West Frontier and in Waziristan, and have also been disorganised by miscellaneous adjustments of war expenditure, but from the year 1923–24, in which the recommendations of the Retrenchment Committee were carried out, the amounts may be taken as expressive of expenditure on a scale approaching that of a normal post-war establishment.

The Revised Estimate of net expenditure on Military Services for 1925–26 is only Rs.3 lakhs greater than the Budget figure for the same year. Additional provision of Rs.40 lakhs has been made to replace shortages in armament and equipment, food and forage prices have been higher than anticipated, costing an extra Rs.20 lakhs, while Rs.15 lakhs have been expended on advance purchases of ghi. The Revised Estimate also takes into account short payment of about Rs.70 lakhs in the Home Estimates, mainly owing to a revision, with effect from 1919, of the basis on which the non-effective charges are settled.

For 1926–27 the Budget Estimate is Rs.54·88 crores, a reduction of Rs.1·4 crores on the Revised Estimate for 1925–26. No material changes in the organisation of the Army are proposed, but the estimate takes into account the withdrawal of the third British cavalry regiment, the last of the specific reductions in establishment which was recommended by the Retrenchment Committee. Allowance has also been made for certain reductions of expenditure, consequent on the withdrawal of military detachments from the Persian Gulf and the connected disbandment of an Indian infantry battalion in India, and for the expenditure on new equipment and urgent measures of reorganisation mostly of a non-recurring character. The largest items which contribute to the reduction in the estimates for 1926–27, are the saving of Rs. one crore in gratuities to demobilised officers and of Rs.37 lakhs in pensionary liabilities.

The details of the Army Charges, which form the most important part of the charges grouped together in the preceding table are as follows:—

	Accounts, 1924-25.	1925-26.		Budget, 1926-27.
		Budget.	Revised.	
EXPENDITURE:	*Rs.*	*Rs.*	*Rs.*	*Rs.*
India—				
(A.) Standing Army.				
Effective Services.				
Maintenance of the Standing Army ..	27,42,42,220	27,37,35,360	27,45,12,000	27,26,80,780
Cost of Educational, etc., establishments and Working expenses of Hospitals, Depots, etc.	8,67,68,224	8,24,17,860	8,24,03,000	8,48,06,560
Army Headquarters, Staff of Commands, etc.	2,12,09,410	2,02,73,730	2,11,04,000	2,14,70,610
Stock Account	—3,08,41,326	—1,16,69,650	— 82,67,000	—1,62,54,480
Special Services	43,97,372	58,85,280	58,97,000	25,69,500
Miscellaneous Charges	2,06,17,557	90,77,420	58,98,000	95,06,030
Unadjusted Expenditure	— 1,49,515	—	—	—
Total, *Effective Services*	37,62,43,942	37,97,20,000	38,15,47,000	37,47,79,000
Non-Effective Services				
Non-effective charges	5,10,78,405	5,11,09,000	4,76,89,000	4,86,93,000
(B.) Auxiliary and Territorial Forces Effective	87,38,266	1,09,32,000	1,00,28,000	1,04,33,000
(C.) Royal Air Force .. Effective	1,23,54,118	1,41,11,000	1,53,09,000	1,31,48,000
Non-Effective	1,361	21,000	21,000	5,000
Total	1,23,55,479	1,41,32,000	1,53,30,000	1,31,53,000
Total Expenditure, India — Effective ..	39,73,36,326	40,47,63,000	40,68,84,000	39,83,60,000
Non-effective	5,10,79,766	5,11,30,000	4,77,10,000	4,86,98,000
Total ..	44,84,16,092	45,58,93,000	45,45,94,000	44,70,58,000
England—				
(A.) Standing Army.				
Effective Services.	£	£	£	£
Maintenance of the Standing Army ..	2,419,414	2,476,000	2,538,600	2,614,400
Cost of Educational, etc., establishments and working expenses of Hospitals, Depots, etc.	288,606	245,700	334,900	316,700
Army Headquarters, Staff of Commands, etc.	44,234	44,000	79,000	73,000
Stock Account	1,764,535	1,036,700	1,135,800	1,257,300
Special Services	529,441	1,200,000	1,235,000	490,000
Miscellaneous Charges	523,582	631,000	602,500	510,500
Total, *Effective Services*	5,569,812	5,633,400	5,925,800	5,261,900
Non-Effective Services				
Non-effective charges	3,685,848	3,695,300	3,156,900	3,578,100
(C.) Royal Air Force (Effective)	568,339	554,100	676,600	562,600
Total Expenditure, England	9,823,999	9,882,800	9,759,300	9,402,600
	Rs.	*Rs.*	*Rs.*	*Rs.*
	9,82,39,988	9,88,28,000	9,75,93,000	9,40,26,000
Total Expenditure in India and England .. Effective ..	45,87,17,830	46,66,38,000	47,29,08,000	45,66,05,000
Non-effective	8,79,38,250	8,80,83,000	7,92,79,000	8,44,79,000
Total ..	54,66,56,080	55,47,21,000	55,21,87,000	54,10,84,000

	Accounts, 1924-25.	1925-26. Budget.	1925-26. Revised.	Budget, 1926-27.
RECEIPTS.				
	Rs.	*Rs.*	*Rs.*	*Rs.*
India .. Effective	2,91,85,681	2,47,91,000	2,42,24,000	2,46,07,000
India .. Non-effective	19,99,085	13,09,000	13,55,000	14,07,000
India .. Total	3,11,84,766	2,61,00,000	2,55,79,000	2,60,14,000
	£	£	£	£
England	473,291	406,800	326,700	390,200
	Rs.	*Rs.*	*Rs.*	*Rs.*
Effective	36,44,412	29,93,000	26,27,000	27,99,000
Non-effective	10,91,490	10,75,000	6,40,000	11,03,000
Total	47,32,902	40,68,000	32,67,000	39,02,000
Total Receipts — Effective	3,28,27,093	2,77,84,600	2,68,51,000	2,74,06,000
Total Receipts — Non-effective ..	30,90,575	23,84,000	19,95,000	25,10,000
Total Receipts — Total	3,59,17,668	3,01,68,000	2,88,46,000	2,99,16,000
	///			
Total—Net Expenditure — India	41,72,31,326	42,97,93,000	42,90,15,000	42,10,44,000
Total—Net Expenditure — England	9,35,07,086	9,47,60,000	9,43,26,000	9,01,24,000
Effective ..	42,58,90,737	43,88,54,000	44,60,57,000	42,91,99,000
Non-effective ..	8,48,47,675	8,56,99,000	7,72,84,000	8,19,69,000
Total ..	51,07,38,412	52,45,53,000	52,33,41,000	51,11,68,000

Military Engineering Services.—The provision for 1926-27 includes an additional Rs.20 lakhs mainly for the acceleration of the programme of new lines for Indian troops.

APPENDIX II. (*a*).

HOME CHARGES.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1924-25.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
	£	£	£
Direct demands on the Revenues :—			
Stores for India	40,266	10,000	5,100
Leave Allowances and Miscellaneous	64,553	150,200	163,900
Railway Revenue Account :—			
Interest	8,388,469	8,459,400	8,555,800
Government share of Surplus Profits	*186,617*	*227,500*	*219,000*
Leave Allowances and Miscellaneous	172,208	344,900	397,200
Irrigation Revenue Account :—			
Leave Allowances	4,983	5,300	6,400
Posts and Telegraphs :—			
Indian Postal and Telegraph Department : Stores for India	152,424	10,000	—
" " Leave Allowances and Miscellaneous	61,342	58,800	56,600
Indo-European Telegraph Department	*2,314*	*73,300*	*65,900*
Debt Services :—			
Interest on Ordinary Debt (less interest realised from investment of Cash Balance).	4,522,785	4,293,200	4,288,700
Interest, Discount, etc., on Gold Standard Reserve credited to Revenue.	*1,347,072*	*1,900,000*	*1,725,000*
Liability assumed in respect of British 5 per cent. War Loan, 1929–47 : Interest	963,295	940,300	916,200
Management of Debt	80,539	95,600	94,400
Reduction or Avoidance of Debt :—			
Railway Annuities (Capital Portion)	1,258,966	*	*
Sinking Funds	343,219	*	*
Liability assumed in respect of British 5 per cent. War Loan, 1929–47 : Sinking Fund.	464,705	*	*
Civil Administration :—			
Home Administration :—			
India Office : Salaries and Contingencies	220,430	220,300	227,500
High Commissioner's Office, Salaries and Contingencies	135,046	134,000	133,900
Audit Office : Salaries	14,229	15,000	16,000
Contribution by His Majesty's Treasury in respect of the Administrative Expenses of India Office.	*153,500*	*149,000*	*125,900*
Payments on account of Departments in India :—			
Stores for India	30,305	57,000	68,600
Leave Allowances and Miscellaneous	266,608	401,500	399,800
Currency and Mint :—			
Interest on Paper Currency Reserve Investments	*519,566*	*930,000*	*850,000*
Stores for India	216,594	193,800	225,500
Leave Allowances and Miscellaneous	4,774	6,900	6,900
Civil Works :—			
Stores for India	1,423	8,500	2,100
Leave Allowances and Miscellaneous	6,999	7,500	7,500
Miscellaneous :—			
Territorial and Political Pensions	12,289	10,600	11,100
Civil Superannuation Allowances and Pensions (including Home Establishment Pensions).	1,887,446	1,911,800	1,826,400
Contribution to the Secretariat of the League of Nations	70,526	55,000	55,000
Other Miscellaneous Charges	130,349	74,700	63,900
Stationery and Printing :—			
Stores for India	67,207	100,200	65,800
Expenditure at the India Office and the High Commissioner's Office, Leave Allowances, etc.	13,888	20,200	17,500
Military Services (Army, Marine and Air Force) :—			
Home Charges of British Forces serving in India (less receipt from the War Office on account of Aden)	1,563,557	1,563,300	1,637,500
Sea Transport Charges (less receipt of £130,000 from the War Office).	384,099	483,000	370,000
Unemployment Insurance	73,689	73,000	76,500

* With effect from 1st April, 1925, payments on this account are being shown under "Permanent Debt Discharged."

Net Expenditure.	Accounts, 1924-25.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
	£	£	£
Military Services (Army, Marine and Air Force) *continued*—			
Contribution to the expenses of His Majesty's Ships in Indian Seas.	100,000	101,200	100,000
Furlough Pay	699,300	809,000	784,000
Stores	2,221,108	1,602,300	1,675,900
Marriage Allowances and Allotments	433,080	456,000	450,000
Gratuities to Surplus Officers of Indian Army	530,343	1,253,000	493,700
Other Effective Charges	*7,041*	174,700	148,100
Retired Pay of British Forces for Service in India	1,284,796	708,900	1,161,500
Retired Pay: Indian Services	1,891,606	1,957,100	1,888,600
Family and Miscellaneous Pensions	448,437	476,300	469,900
Extraordinary Receipts and Payments:—			
Earnings of Enemy Ships	*1,858,206*	*379,500*	—
Receipts on account of "Dawes" Annuities	*37,372*	*66,700*	*120,000*
Total	25,114,194	23,516,500	23,761,900
Expenditure by Secretary of State	20,299,364	18,994,200	19,004,600
" " High Commissioner	4,814,830	4,522,300	4,757,300
Total	25,114,194	23,516,500	23,761,900

Expenditure in England not charged on the Revenue of the year :—

Expenditure.	Accounts, 1924-25.	Revised Estimate, 1925-26.	Budget Estimate, 1926-27.
	£	£	£
Capital outlay on State Railways	6,774,235	10,298,500ø	11,818,500
New Capital at Delhi	42,946	29,800	70,600
Posts and Telegraphs	—	111,600	127,100
Indo European Telegraph Dept.	—	—	15,000
Vizagapatam Port	—	80,000	101,000
Security Printing Press	—	36,300	12,200
Total	6,817,181	10,556,200	12,144,400
Expenditure by Secretary of State	5,144,862	6,979,700	7,534,100
" " High Commissioner	1,672,319	3,576,500	4,610,300
Total	6,817,181	10,556,200	12,144,400

ø Including £2,575,000 Capital Stock of the Great Indian Peninsula Railway Company paid off on termination of the Company's contract during the year.

† Including £3,000,000, the purchase price of the Delhi-Umballa-Kalka Railway.

APPENDIX II. (*b*).

RAILWAYS.

(*i*). *Route Mileage and Traffic (including railways outside Government accounts).*

Length of railways open in India on 31st March, 1924	38,038·52 miles
Additional mileage opened in 1924-25	233·48 "
Length of railways open in India on 31st March, 1925, after allowing for corrections due to realignments, etc.	38,269·78 "

		1923-24.	1924-25.
Number of passengers carried		567,322,800	576,464,200
Earnings from passengers carried	*Rs.*	38,07,82,000	38,75,39,000
Weight of goods traffic in tons		72,815,000	77,796,000
Earnings from goods tonnage	*Rs.*	60,28,13,000	66,44,68,000

(*ii*). *Capital at Charge and Net Revenue Receipts.*

Class and Name of Railway.	Capital at Charge on 31st March, 1925.	Net Revenue Receipts, 1924-25.	Percentage of Net Revenue Receipts of Capital at Charge.
COMMERCIAL LINES.			
State Railways worked by the State :—	Rs.	Rs.	%
Aden	14,97,910	−13,701	− ·91
Central Indian Coalfields	33,58,212	—	—
Delhi New Capital Railway Works	78,77,174	—	—
East Indian	85,58,44,596	6,91,72,898	8·08
Eastern Bengal	41,66,37,790	1,72,45,238	4·14
North-Western:	79,91,51,606	5,86,91,330	7·34
Laki Pezu Tank	35,28, 632	—	—
Oudh and Rohilkand	27,05,96,737	95,99,858	3·55
Rishikesh Road	2,84,233	—	—
Adjustment of the difference between book value and current market price of stores	—	27,06,911	—
State Railways worked by Companies or by Indian States :			
Assam-Bengal	18,77,87,251	53,17,740	2·83
Sibsagar Road Khowang	12,05,414	—	—
Bengal-Nagpur	63,83,53,919	3,23,43,356	5·07
Bezwada Extension	16,99,776	1,56,307	9·19
Bombay, Baroda and Central India (including Dholka-Dhanduki)	58,01,87,870	5,68,68,642	9·80
Burma (including Extension)	27,09,43,738	1,76,36,085	6·50
Great Indian Peninsula	82,99,33,651	6,17,87,400	7·44
Jodhpur-Hyderabad	54,16,927	9,23,384	17·05
Lucknow-Bareilly (Rohilkhund and Kumaon)	1,58,37,635	19,75,729	12·47
Madras and Southern Mahratta	43,33,58,908	3,56,88,168	8·23
Dhone-Kurnool	10,18,342	1,02,947	10·11
South Indian	20,50,57,093	2,23,12,440	10·88
Coonoor Ootacamund	50,51,179	—	—
Tinnevelly-Quilon (British Section)	46,16 474	9,08,816	4·97
Tinnevelly-Quilon (Indian State Section)	1,36,80,218		
Shoranur Nilambur	16,23,095	—	—
Tinnevelly Tiruchandur	—	—	—
South Behar	67,59,081	—	—
Tirhoot (Bengal and North-Western)	8,86,17,735	84,68,265	9·56
Adjustment of the difference between book value and current market price of stores	—	11,21,886	—
Contribution to Depreciation Fund on account of Company-worked lines	—	−1,80,46,614	—
	5,64,99,25,196	38,49,67,085	6·81
Abandoned projects and other miscellaneous items	2,67,87,416	—	—
Total—Commercial Lines	5,67,67,12,612	38,49,67,085	6·78
STRATEGIC LINES.			
North Western	20,24,67,616	−35,89,813	−1·77
Kaur Khirgi	14,80,015	—	—
Tank Murtaza	17,90,302	—	—
Frontier Railway Reserve	51,36,204	—	—
Nushki Extension	3,24,30,493	—	—
Khyber	2,53,72,448	—	—
Total Strategic Lines	26,86,77,078	−35,89,813	−1·34
Interest on Depreciation and Reserve Fund balances	—	21,28,998	—
GRAND TOTAL	5,94,53,89,690	38,35,06,270*	6·45

* Differs from figure of "Working Profit" shown in table on page 6, which takes into accoun t "Miscellaneous Receipts" and "Payments on account of Surplus Profits."

APPENDIX II. (*c*).

SEA-BORNE TRADE.

(*i*). *Summary of Sea-borne Trade.*

	1923-24.	1924-25.	1925-26.
On Private Account.			
	Rs.	*Rs.*	*Rs.*
Exports of Merchandise	3,61,91,08,876	3,98,17,44,498	3,85,34,72,092
Imports of Merchandise	*227,61,13,390*	*2,46,62,65,011*	*2,26,08,14,683*
Net Exports of Merchandise	134,29,95,486	1,51,54,79,487	1,59,26,57,409
Net Imports of Gold	*29,18,64,015*	*73,92,65,866*	*34,85,45,799*
Net Imports of Silver	*18,38,13,902*	*20,05,71,586*	*17,15,20,912*
Net Imports or Exports *of Currency Notes*	*1,08,08,831*	*28,04,663*	12,03,433
Net Imports of Treasure	*48,64,86,748*	*94,26,42,115*	*51,88,63,278*
Net Exports of Merchandise and Treasure on Private Account.	85,65,08,736	57,28,37,372	1,07,37,94,131
Government Transactions.			
Imports of Merchandise	*9,57,18,889*	*6,73,32,777*	*9,81,74,634*
Exports of Merchandise	1,46,54,788	2,06,83,033	1,48,52,366
Net Imports of Merchandise	*8,10,64,101*	*4,66,99,744*	*8,33,22,268*
Net Imports of Gold	—	—	—
Net Imports or Exports *of Silver*	*31,66,185*	*1,69,080*	2,79,762
Net Imports or Exports *of Currency Notes*	*56,55,123*	25,07,600	20,97,679
Net Imports or Exports *of Treasure*	*88,21,308*	23,38,520	23,77,441

(*ii*). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately.*

	1923-24.	1924-25.	1925-26.
A. *On Private Account.*			
I. Food, Drink and Tobacco :—	*Rs.*	*Rs.*	*Rs.*
A. Fish (excluding canned fish)	29,66,906	31,26,899	37,72,483
B. Fruits and Vegetables	1,70,79,994	1,59,46,321	1,57,00,510
C. Grain, Pulse and Flour	43,89,626	10,41,247	65,77,470
D. Liquors	2,72,16,804	2,82,94,207	2,79,69,828
E. Provisions and Oilman's Stores	2,80,21,866	3,91,76,911	4,51,34,689
F. Spices	2,58,77,550	2,66,00,334	3,28,01,294
G. Sugar	15,45,06,762	20,90,23,769	15,83,35,954
H. Tea	82,26,291	62,82,935	60,29,778
I. Other Food and Drink	1,29,48,890	1,56,55,537	1,18,57,949
J. Tobacco	2,26,18,495	1,97,88,393	2,13,35,543
Total, Class I.	30,38,53,184	36,49,36,553	32,95,15,498
II. Raw Materials and Produce and articles mainly unmanufactured :—			
A. Coal	1,65,85,004	1,19,73,515	88,16,648
B. Other Non-metallic mining and quarry products and the like	2,19,80,062	1,59,58,198	1,71,46,946
C. Fodder, Bran and Pollards	72,559	36,064	1,25,199
D. Gums, Resins and Lac	51,74,989	34,67,203	26,73,776
E. Hides and Skins, raw or undressed	15,50,255	14,74,060	17,33,219
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	7,27,341	1,58,506	2,71,818
G. Oils—Vegetable, Mineral and Animal	8,65,17,988	9,69,49,025	10,73,56,183
H. Oilcakes of all kinds	12,522	13,580	7,033
I. Paper making materials	20,45,708	22,08,836	25,85,060
J. Rubber, raw or crude	45,811	1,08,695	1,22,417
K. Seeds, including nuts for oils	5,64,339	9,53,324	16,67,898
L. Tallow, Stearine and Wax	26,62,094	29,82,425	30,68,747
M. Cotton, raw and waste	2,50,82,208	4,24,73,347	3,64,53,449
N. Jute, raw	1,17,047	89,828	95,800
O. Silk, raw and waste	1,21,99,609	1,20,95,248	94,40,040
P. Wool, raw	40,54,840	78,93,506	43,35,602
Q. Other Textile Materials	6,62,042	7,71,264	14,85,922
R. Wood and Timber	38,69,575	40,83,026	51,94,227
S. Miscellaneous	53,71,028	65,46,992	72,79,985
Total, Class II.	18,92,95,021	21,02,36,642	20,98,59,939

(*ii*). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately*—continued.

—	1923-24.	1924-25.	1925-26.
A. *On Private Account (continued).*			
	Rs.	*Rs.*	*Rs.*
III. Articles wholly or mainly manufactured :—			
A. Apparel	1,66,69,495	1,83,65,781	2,06,01,505
B. Arms, Ammunition and Military Stores ..	64,63,449	91,92,116	89,70,360
C. Chemicals, Drugs and Medicines	4,12,37,482	4,19,40,218	4,19,46,156
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	5,91,02,532	6,75,19,526	7,15,48,313
E. Dyes and Colours	4,29,50,664	4,21,87,479	3,19,00,699
F. Electrical Goods and Apparatus (other than Machinery)	2,25,92,130	1,97.16,299	2,24,99,685
G. Furniture, Cabinetware and Manufactures of Wood and Timber	45,30,844	33,36,475	35,70,737
H. Glassware and Earthenware	3,17,27,228	3,35,39,876	3,36,52,890
I. Hides and Skins, tanned or dressed, and Leather	52,32,121	54,76,499	53,69,094
J. Machinery of all kinds, including Belting for Machinery	20,22,69,778	15,88,92,415	15,86,73,428
K. Metals, Iron and Steel, and Manufactures thereof	17,90,02,179	19,28,73,637	18,06,05,340
L. Metals, other than Iron and Steel, and Manufactures thereof.	6,39,79,719	7,37,42,934	7,28,67,737
M. Paper, Pasteboard and Stationery	3,60,14,076	3,85,05,480	3,69,95,951
N. Railway Plant and Rolling Stock	11,72,46,081	5,71,16,098	4,99,54,183
O. Rubber Manufactures	1,67,96,394	1,54,97,429	2,16,49,611
P. Vehicles (excluding Locomotives, etc., for Railway)	4,34,09,478	4,41,90,972	5,74,98,463
Q. Cotton Yarns and Manufactures	67,48,45,756	82,32,51,509	65,66,72,935
R. Jute „ „	20,81,959	27,74,730	50,08,311
S. Silk „ „	3,40,16,996	3,71,19,455	2,80,29,923
T. Woollen „ „	2,44,09,761	3,56,47,709	4,23,60,776
U. Other Yarns and Textile Fabrics	2,55,78,821	3,76,78,048	3,64,39,124
V. Miscellaneous	9,64,01,951	9,66,58,653	9,70,75,119
Total, Class III.	174,65,58,694	185,52,23,338	168,38,90,340
IV. Living Animals.—			
A. Horses..	17,98,194	28,19,554	31,67,368
B. Other Living Animals	1,88,799	2,15,024	2,89,038
Total, Class IV.	19,86,993	30,34,578	34,56,406
V. Postal Articles not specified	3,44,19,298	3,28,33,900	3,40,92,470
Total value of Imports of Merchandise on Private Account	227,61,13,300	246,62,65,011	226,08,14,683
B. *Government Stores*	9,57,18,889	6,73,82,777	9,81,74,634
Grand Total, Imports of Merchandise	237,18,32,279	253,36,47,788	235,89,89,317

(*iii*). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately.*

—	1923-24.	1924-25.	1925-26.
INDIAN MERCHANDISE.			
A. *On Private Account.*	*Rs.*	*Rs.*	*Rs.*
I. Food, Drink and Tobacco :—			
A. Fish (excluding Canned Fish)	62,83,973	72,32,465	76,43,584
B. Fruits and Vegetables	71,78,497	71,65,692	83,46,053
C. Grain, Pulse and Flour	50,87,14,693	65,06,03,639	48,03,39,206
D. Liquors	17,595	6,505	79,177
E. Provisions and Oilman's Stores	60,34,850	58,87,401	63,78,592
F. Spices	1,10,86,076	1,06,74,737	1,76,27,933
G. Sugar	96,97,444	52,49,017	8,19,682
H. Tea	31,64,61,489	33,39,24,211	27,12,17,240
I. Other Food and Drink..	1,57,64,597	2,09,24,587	1,87,31,574
J. Tobacco	1,02,97,301	1,25,03,894	1,11,40,017
Total, Class I.	89,15,36,515	1,05,41,72,148	82,23,23,058

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

—	1923-24.	1924-25.	1925-26.
INDIAN MERCHANDISE—*cont.*			
A. *On Private Account.*			
II Raw materials and produce and articles mainly unmanufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Coal	22,29,816	37,15,695	34,59,241
B. Other Non-Metallic mining and quarry products and the like	1,07,13,342	1,04,55,333	1,06,49,126
C. Fodder, Bran and Pollards	1,28,45,974	1,58,85,891	1,28,57,559
D. Gums, Resins and Lac	9,18,94,195	7,63,12,990	7,04,57,229
E. Hides and Skins, raw or undressed	6,93,24,529	6,77,41,366	7,23,38,263
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	2,37,57,130	2,18,96,676	2,43,97,633
G. Oils—Vegetable, Mineral and Animal	2,90,02,588	3,44,09,928	1,80,87,614
H. Oilcakes of all kinds	1,94,09,852	2,19,99,605	2,10,61,650
I. Paper-making Materials	790	55,561	2,14,984
J. Rubber, raw or crude	1,14,46,018	1,42,94,317	2,94,09,876
K. Seeds, including nuts for oils	29,81,71,643	33,16,84,566	29,63,67,727
L. Tallow, Stearine and Wax	22,42,030	11,34,787	10,68,836
M. Cotton, raw and waste	99,71,83,038	91,72,16,153	95,65,20,410
N. Jute „ „	20,00,06,328	29,09,30,435	37,94,57,313
O. Silk „ „	50,21,392	38,06,868	35,74,799
P. Wool „ „	3,17,48,608	5,07,03,429	3,79,88,245
Q. Other Textile Materials	76,54,282	1,73,32,674	1,59,17,557
R. Wood and Timber	1,24,67,022	1,38,64,191	1,93,61,974
S. Miscellaneous	2,55,15,969	2,73,14,300	2,68,37,120
Total, Class II.	1,85,06,34,546	1,92,07,54,765	2,00,00,27,156
III. Articles wholly or mainly manufactured :—			
A. Apparel	29,94,494	34,08,167	27,52,505
B. Arms, Ammunition and Military Stores	10,961	325	500
C. Chemicals, Drugs and Medicines	3,25,29,085	2,14,65,705	2,56,05,969
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	14,50,983	15,20,501	20,86,411
E. Dyes and Colours	1,35,44,913	1,38,61,282	1,37,98,793
F. Electrical Goods and Apparatus (other than Machinery)	—	—	—
G. Furniture, Cabinetware, and manufactures of wood and timber	7,96,996	7,38,166	6,11,971
H. Glass and Earthenware	2,88,616	3,01,570	2,71,519
I. Hides and Skins, tanned or dressed, and Leather	6,00,76,699	7,28,87,243	7,10,20,650
J. Machinery of all kinds, including belting for machinery	1,20,951	1,25,166	74,000
K. Metals, Iron and Steel, and manufactures thereof	1,30,70,535	2,19,92,468	1,77,48,641
L. Metals, other than Iron and Steel, and manufactures thereof	2,09,96,970	2,80,02,404	3,07,36,716
M. Paper, Pasteboard and Stationery	1,14,000	1,21,461	1,12,485
N. Railway Plant and Rolling Stock	2,53,731	3,46,945	2,77,675
O. Rubber manufactures	45,944	9,676	20,004
P. Vehicles (excluding locomotives, etc., for Railways)	63,728	59,840	42,663
Q. Cotton, yarns and manufactures	10,95,49,068	11,27,47,895	9,64,85,053
R. Jute „ „ „	42,28,35,890	51,77,66,438	58,83,98,259
S. Silk „ „ „	4,27,054	2,94,801	3,01,238
T. Woollen „ „ „	82,62,940	1,14,28,612	79,59,276
U. Other yarns and textile fabrics	7,05,406	5,32,843	8,34,310
V. Miscellaneous articles, wholly or mainly manufactured	3,07,15,730	3,46,61,997	3,65,57,331
Total, Class III.	71,88,54,694	84,21,73,505	89,56,95,679
IV. Living Animals :—			
A. Horses	55,510	75,910	52,050
B. Cattle	8,78,804	8,37,480	9,17,086
C. Sheep and Goats	13,92,741	18,22,674	22,13,437
D. Other living animals	3,32,789	4,05,913	2,79,486
Total, Class IV.	26,59,844	31,41,977	34,62,059

(*iii*). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

——	1923-24.	1924-25.	1925-26.
INDIAN MERCHANDISE (*contd.*).			
A. Private Account.			
	Rs.	*Rs.*	*Rs.*
Class V. Postal Articles	2,46,75,646	2,64,10,691	2,71,18,168
Total Value of Exports of Indian Merchandise on private account	3,48,83,61,245	3,84,66,53,086	3,74,86,26,120
B. *Government Stores*, Exports of Indian Merchandise	1,27,69,768	1,53,64,647	1,20,79,339
Total Exports of Indian Merchandise	3,50,11,31,013	3,86,20,17,733	3,76,07,05,459
C. *Re-exports*—On Private Account ..	13,07,47,631	13,50,91,412	10,48,45,972
Government Stores ..	18,85,020	53,18,386	27,73,027
Total re-exports	13,26,32,651	14,04,09,798	10,76,18,999
Grand Total, Exports of Merchandise	3,63,37,63,664	4,00,24,27,531	3,86,83,24,458

(*iv*). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin.*

Note.—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1923-24.	1924-25.	1925-26.
British Empire :—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	1,31,60,42,877	1,33,45,15,962	1,15,24,20,543
Aden and Dependencies	53,18,163	57,39,395	43,49,672
Mesopotamia	1,16,23,040	88,36,282	76,74,615
Ceylon	1,29,05,995	1,35,54,996	1,70,72,643
Straits Settlements (including Labuan)	4,92,75,068	4,85,59,386	5,67,34,267
Hong Kong	1,05,67,208	1,13,40,057	84,06,090
Union of South Africa	77,40,788	59,15,883	41,76,447
Mauritius and Dependencies (including Seychelles)	10,97,830	3,67,08,834	54,90,801
Zanzibar and Pemba	45,74,701	61,32,337	61,67,526
Kenya Colony	2,19,08,971	3,71,05,963	3,44,36,187
Canada	89,54,981	99,01,600	1,30,58,205
Australia	1,06,95,669	75,82,185	1,44,44,482
New Zealand	13,657	13,79,070	93,193
Other British Possessions	87,83,878	76,11,336	1,22,27,390
Total—British Empire	1,46,95,02,826	1,53,48,83,286	1,33,67,52,061

(iv). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin*—continued.

NOTE—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1923-24.	1924-25.	1925-26.
Foreign Countries :—	*Rs.*	*Rs.*	*Rs.*
Russia	15,20,147	58,174	19,30,179
Sweden	1,32,73,496	1,19,54,650	1,43,37,113
Norway	67,65,849	65,25,828	58,46,500
Germany	11,89,19,019	15,46,85,810	13,11,58,393
Holland	2,27,74,391	2,97,82,144	3,69,35,765
Belgium	5,51,29,345	6,76,03,421	6,11,65,661
France	2,22,94,126	2,58,55,391	3,23,80,963
Spain	9,21,635	15,48,574	16,77,615
Switzerland .. .. //	1,62,61,038	1,81,41,523	1,56,60,764
Italy	2,73,33,124	3,83,95,499	4,25,52,169
Austria	76,09,557	73,17,399	83,35,080
Hungary	41,60,059	31,46,261	42,37,918
Turkey, Asiatic	2,20,140	2,824	6,953
Arabia	75,98,401	55,29,835	54,20,072
Persia	1,75,80,744	2,23,24,588	2,15,05,382
Java	14,03,11,568	15,46,30,517	14,03,71,828
Borneo (Dutch)	1,07,36,816	78,74,834	66,43,296
Siam	23,49,785	30,23,395	10,82,719
China (exclusive of Hong Kong and Macao) ..	3,35,67,471	2,76,70,938	2,58,14,227
Japan	13,81,83,426	17,12,07,468	13,21,40,143
Egypt	52,04,260	64,29,380	40,87,544
Portuguese East Africa	45,69,683	33,46,910	30,27,658
Italian East Africa	18,72,691	10,73,970	9,35,037
United States of America	12,83,34,663	14,07,02,996	15,04,49,040
Other Foreign Countries	1,91,19,130	2,25,40,396	2,63,60,552
Total—Foreign Countries ..	80,66,10,564	93,13,81,725	92,40,62,622
Grand Total	2,27,61,13,390	246,62,65,011	2,26,08,14,683

(v). *Sea-borne Trade—Analysis of* Exports *of Indian Merchandise on Private Account, showing separately the principal countries of destination.*

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1923-24.	1924-25.	1925-26.
British Empire:—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	86,44,84,222	97,54,32,584	78,48,65,819
Gibraltar	89,466	46,852	12,13,160
Aden and Dependencies	1,36,14,333	1,50,07,235	1,45,16,063
Mesopotamia	2,13,72,432	2,56,45,653	2,76,50,759
Ceylon	12,64,89,288	13,60,28,824	14,70,88,456
Straits Settlements (including Labuan) ..	8,29,54,101	8,03,18,855	9,81,37,328
Hong Kong	4,45,90,803	3,35,54,268	2,66,99,455
Union of South Africa	2,09,16,084	2,61,33,139	2,81,85,265
Mauritius and Dependencies (including Seychelles)	1,77,04,579	1,90,64,526	1,88,11,179
Zanzibar and Pemba	71,43,624	60,11,705	70,83,486
Kenya Colony	84,76,504	1,04,32,535	1,02,78,778
Canada	2,36,11,172	2,22,94,802	2,12,33,441
British West India Islands	57,74,704	58,91,266	51,76,415
Australia and New Zealand	6,58,89,832	7,88,42,016	8,59,13,507
Other British Possessions	2,23,44,125	2,64,03,387	2,66,91,669
Total—British Empire	1,32,54,55,269	1,46,11,07,647	1,30,35,44,780

(v). *Sea-borne Trade—Analysis of* Exports *of Indian Merchandise on Private Account, showing separately the principal countries of destination*—continued.

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

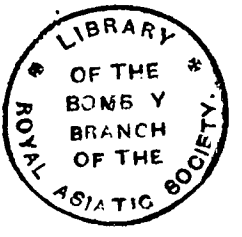
Countries.	1923-24.	1924-25.	1925-26.
	Rs.	*Rs.*	*Rs.*
Foreign Countries :—			
Russia	26,287	12,54,262	19,43,136
Sweden	28,15,433	35,33,652	34,59,681
Norway	38,13,208	59,45,577	42,96,420
Germany	24,94,78,445	27,98,71,853	25,68,57,343
Holland	5,86,91,944	7,99,06,916	7,18,35,474
Belgium	13,79,57,594	15,35,24,855	12,35,55,162
France	19,85,27,106	20,75,34,008	20,98,82,204
Spain	3,77,69,340	5,81,66,077	4,84,74,605
Switzerland	96,331	50,057	44,655
Italy	21,69,20,208	23,19,00,722	18,96,64,277
Austria	1,52,44,502	84,04,455	25,65,306
Hungary	—	—	8,000
Turkey, European	26,96,071	24,99,414	33,83,918
,, Asiatic	7,33,867	14,77,698	14,43,985
Arabia	2,32,19,461	1,52,67,002	1,77,97,396
Persia	2,06,77,095	2,59,68,519	2,35,70,767
Sumatra	85,31,944	1,32,55,152	1,35,26,709
Borneo and Java	3,68,12,140	2,92,28,816	4,85,53,651
Siam	1,71,44,295	1,74,62,792	1,75,72,557
Indo-China	2,38,73,777	1,78,85,581	2,31,68,606
China (exclusive of Hong-Kong and Macao) ..	10,52,81,496	9,56,46,926	15,43,97,885
Japan	50,16,43,249	55,14,51,144	56,65,79,194
Egypt	2,82,16,743	6,18,05,992	5,78,52,919
Portuguese East Africa	89,25,064	1,14,33,149	1,23,42,318
Italian East Africa	91,56,835	12,44,718	17,73,813
Other East African Ports	15,73,163	17,64,413	14,24,201
United States of America	33,46,57,526	34,23,11,121	39,47,48,552
West Indies	3,06,13,204	5,14,46,822	5,33,55,953
South America	6,76,99,003	8,26,57,228	9,96,43,596
Oceania	33,87,541	38,54,975	33,77,677
Other Foreign Countries	2,47,23,904	2,87,86,546	3,79,87,645
Total—Foreign Countries ..	2,16,29,05,976	2,38,55,45,439	2,44,50,81,340
Grand Total	3,48,83,61,245	3,84,66,53,986	3,74,86,26,120

Printed by H.M.S.O. Press, Harrow.

EAST INDIA ACCOUNTS & ESTIMATES 1927-1928

EXPLANATORY MEMORANDUM By the Under-Secretary of State for India

Presented to Parliament by Command of His Majesty



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PRINTED AND PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE
To be purchased directly from H.M. STATIONERY OFFICE at the following addresses:
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1927.

Price 9*d*. Net.

Cmd. 2940.

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BOMBAY BRANCH
OF THE
Royal Asiatic Society.

MEMORANDUM

BY THE

UNDER-SECRETARY OF STATE FOR INDIA

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA (Central Government) for 1925-26 and the ESTIMATES for 1926-27 and 1927-28.

I.—INTRODUCTORY.

SEPARATION OF CENTRAL AND PROVINCIAL FINANCES.

The Government of India Act, 1919, was designed *inter alia* to secure a greater measure of independence for Provincial Governments, and to this end provision was made, in the Act and in Rules subsequently published under authority of the Act, for the delimitation of the functions of Government as between the Government of India and the chief Provincial Governments, and for the definite assignment to each of these Provincial Governments of specific revenues of their own. Effect has been given to these measures of devolution in the nine "Governor's Provinces" viz.: Madras, Bombay, Bengal, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces, Assam and Burma, and in the Province of Coorg. As regards these provinces the functions of Government have been classified as either "central subjects" or "provincial subjects." A general authority to control all matters coming under the latter head, subject to certain expressed provisos, is devolved upon the Local Governments concerned.

The sources of revenue available to Local Governments for the purpose of defraying their administrative charges consist, in the main, of the receipts from those provincial subjects which are revenue-producing, the principal heads being Land Revenue, Irrigation, Stamp Duties and Excise. In addition, a local Government is given a small share in any expansion of Income Tax (otherwise a "central" source of revenue) that may be due to an increase of the total assessed incomes within the Province over that of 1920–21.

When the division of the sources of revenue was made between the Central and Provincial Governments, it was realized that the Central Government would be left insufficiently provided. It was therefore arranged that an annual contribution should be made by eight of the local Governments to the Central Government. The annual contributions fixed at the outset aggregated 983 lakhs of rupees. They were not, except in case of emergency and with the sanction of the Secretary of State, to be subject to increase and, should reduction of the aggregate be found possible, reductions were to be made in fixed proportions from the quotas of the several Provinces. The general policy which has been pursued in the matter is a progressive reduction of the provincial contributions with a view to their ultimate cessation. The amounts unremitted on 31st March, 1927, and the reductions proposed for 1926-27 and 1927-28 are shown on pages 27 and 28.

The revised financial arrangements outlined above came into force from the 1st April, 1921, as from which date all "provincial" revenue and expenditure ceased to be included in the estimates and

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accounts of the Central Government. In the case of Coorg the separation was made on 1st April, 1924. The annual volumes of the "Finance and Revenue Accounts of the Government of India," commencing with that for 1921–22, exhibit separately the revenue and expenditure of the Central Government and of each of the Provincial Governments. The Central Government and each Provincial Government issues annually a separate volume containing its own budget estimate for the forthcoming year and, in most cases, a revised estimate for the closing year. This Memorandum, however, deals with the Accounts and Estimates of the Central Government only, except where otherwise stated.

Separation of Railway Finance from General Finance.

In accordance with a Resolution passed in the Legislative Assembly in September, 1924, Railway Finance has been separated from the general finances of Government with effect from the year 1924–25.

Exchange Accounting.

The Government of India's accounts are now kept in rupees. Since the 1st April, 1920, sterling transactions have, for the purpose of the Accounts and Estimates, been converted into rupees on a uniform basis of 2*s.* to the rupee, equivalent to Rs.10 to the £. The actual market value of the rupee, however, has varied considerably from that rate. As a result, the rupee figure shown for any item of English expenditure (as converted at Rs.10 to the £) does not correctly represent the actual charge incurred in making that expenditure. For instance, when a disbursement of £1,000 is made in England, the amount shown in rupees in the accounts as a disbursement in England will be Rs.10,000. But (at the rate of 1s. 6d. to the rupee assumed for the budget estimate of 1927–28) a disbursement of £1,000 represents a real charge of Rs.13,333. The balance of Rs.3,333 is treated as a disbursement on account of "exchange." The procedure by which this is effected is described in the following paragraph.

All exchange credits or debits arising in respect of remittances and cognate transactions, owing to the remittances, etc., having been effected at rates differing from the conventional "conversion rate," are recorded in the first instance under a suspense head. The exchange credits or debits arising from outlay incurred in England in respect of the various heads of the revenue and capital accounts are included in the respective accounts, being calculated monthly on the basis of the average telegraphic transfer rates (Calcutta on London); and those relating to Provincial Governments are charged against those Governments. The suspense head of account referred to above is then reduced by the totals of these exchange adjustments arising from outlay in England; and it is considered with reference to the circumstances of each year whether the resulting balance should be written off to revenue or kept in suspense against the possibility of opposite results in succeeding years.

The method of accounting to be adopted with effect from 1927–28 as a result of the passing of the Currency Bill is under consideration.

Rates of Exchange for the three years under review.—The average of the daily rates (telegraphic transfer, Calcutta on London) for 1925–26 was Rs.13·2743 to the £. The respective rates assumed for the purpose of compiling the Estimates have been:—

For the Budget Estimate of 1926–27, Rs.13·3333 to the £ (1s. 6d. to the rupee).

For the Revised Estimate of 1926–27, Rs.13·3798 to the £ (1s. $5\frac{15}{16}$d. to the rupee).

For the Budget Estimate of 1927–28, Rs.13·3333 to the £ (1s. 6d. to the rupee).

II.—REVENUE, AND EXPENDITURE CHARGED TO REVENUE.

Gross Revenue and Expenditure.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follows:—

Gross Revenue and Expenditure.	Accounts, 1925–26.	Revised Estimate, 1926–27.	Budget, 1927–28.
	Rs.	Rs.	Rs.
Revenue	1,33,32,98,658	1,29,97,48,000	1,25,25,65,000
Expenditure	1,30,01,80,471	1,29,97,48,000	1,25,25,65,000
Surplus	3,31,18,187	—	—

The circumstances in which these estimates show equated revenue and expenditure is explained on pages 8 and 9.

In these figures all receipts are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure.

The figures of Gross Revenue just given include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges, the total receipts from the sale of opium, and the receipts of certain spending departments; while the figures of Gross Expenditure include the interest charges of commercial undertakings, and the cost of cultivation and manufacture of opium. This method of compilation may cause the revenue available for administrative purposes and the expenditure on such purposes to appear greater than they really are. A statement of the net revenue and expenditure of the Central Government for the three years under review is therefore given in the table below, which shows the *net* revenue derived from commercial undertakings, after deducting all expenditure including interest charges, and *net* figures under other heads of revenue and expenditure obtained by deducting (1) the cost of cultivation and manufacture of opium from sale receipts, and (2) the receipts of the spending departments from the gross expenditure incurred by them. The cost of the establishments maintained for the collection of revenue other than opium is not shown as a deduction from revenue, but as a separate head of expenditure.

Net Revenue.

	Accounts, 1925-26.		Budget Estimate, 1926-27.		Revised Estimate, 1926-27.		Budget Estimate, 1927-28.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Principal Heads of Revenue :—*								
1. Customs ..	47,77,95,049		46,40,00,000		47,69,71,000		48,73,37,000	
2. Taxes on Income ..	15,85,93,439		16,14,67,000		15,85,47,000		16,95,05,000	
3. Salt	6,32,96,778		6,90,00,000		6,70,00,000		7,00,00,000	
4. Opium ..	2,03,52,437		2,25,59,000		3,11,90,000		2,92,49,000	
5. Other Heads..	2,12,59,871		2,25,43,000		2,26,42,000		2,27,06,000	
		74,12,97,574		73,95,69,000		75,63,50,000		77,87,97,000
II. *Commercial Undertakings :—*								
1. Railways ..	5,49,03,569		6,00,87,000		6,00,87,000		5,48,08,000	
2. Irrigation ..	*—8,11,956*		*—9,13,000*		*—6.79,000*		*—8,34,000*	
3. Posts and Telegraphs ..	1,88,24,960		*—40,49,000*		*—29,68,000*		*—26,54,000*	
		7,29,16,573		5,51,25,000		5,64,40,000		5,13,20,000
III. *Currency and Mint*								
1. Currency ..	3,76,11,657		3,43,44,000		3,44,80,000		1,73,54,000	
2. Mint	17,66,031		8,00,000		*—5,02,000*		31,000	
		3,93,77,688		3,51,44,000		3,39,78,000		1,73,85,000
IV. *Provincial Contributions and Adjustments*		6,08,40,677		5,39,12,000		5.12,89,000		—
V. *Miscellaneous Civil Receipts* ..		12,53,349		7,97,000		15,52,000		11,96,000
VI. *Extraordinary Items* ..		37,80,300		11,00,000		*—2,35,01,000*		1,80,65,000
Total Net Revenue ..		91,94,66,161		88,56,47,000		87,61,08,000		86,67,63,000

Net Expenditure

	Accounts, 1925–26.		Budget Estimate, 1926–27.		Revised Estimate, 1926–27.		Budget Estimate, 1927–28.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Debt Services* ..		14,12,29,372		14,04,65,000		12,87,21,000		12,58,21,000
II. *Military Services* :—								
1. Army ..	52,08,86,450		51,11,68,000		51,67,43,000		50,44,35,000	
2. Marine ..	52,55,783		60,93,000		54,17,000		68,00,000	
3. Military Engineer Services	3,38,43,421		3,15,39,000		3,33,40,000		3,79,65,000	
		55,99,85,654		54,88,00,000		55,55,00,000		54,92,00,000
III. *Collection of Revenue*		3,26,12,057		3,45,73,000		3,27,80,000		3,39,71,000
IV. *Civil Administration*		9,86,50,738		10,67,44,000		10,45,53,000		10,47,18,000
V. *Miscellaneous Civil Charges* ..		3,83,95,476		3,65,01,000		3,61,81,000		3,62,21,000
VI. *Civil Works* ..		1,47,56,633		1,70,13,000		1,75,34,000		1,49,53,000
VII. *Salt and other Capital Outlay charged to Revenue* ..		7,18,044		10,20,000		8,39,000		18,79,000
Total Net Expenditure charged against Revenue		88,63,47,974		88,51,16,000		87,61,08,000		86,67,63,000
Surplus		3,31,18,187		5,31,000		* —		* —

* For explanation of equated revenue and expenditure in 1926–27 and 1927–28 estimates, *see* pages 8 and 9.

Accounts, 1925–26.

It will be seen from the tables on pages 6 and 7 that the final accounts for 1925–26 show a surplus of Rs.3,31,18,187, which is 2 crores more than the Revised Estimate prepared a year ago. The main factors contributing to this improvement were increased revenue from Customs, Rs.93 lakhs (of which protective duties accounted for Rs.32 lakhs), Railways Rs.17 lakhs, and Posts and Telegraphs Rs.15 lakhs, and decreased expenditure of Rs.28 lakhs on Military expenditure. On the other hand, receipts from Taxes on Income were Rs.39 lakhs and from opium Rs.24 lakhs less than expected.

Revised Estimate 1926–27

The Revised Estimate of 1926–27, although showing a balanced position for the reasons stated below, anticipated a surplus of Rs.3·10 lakhs as compared with a budgetted surplus of Rs.5,31,000. Rs.28 lakhs of this surplus has been given to Bombay as a special measure of relief to that province and the balance, Rs. 2·82 crores, has been carried forward to a special deposit head "Revenue Reserve Fund" for two purposes: (1) to admit of the non-recurring remission in 1927–28 of the balance of the provincial contributions together with an equilibrium budget for that year, and (2) the balance of about Rs.1 crore to be kept as a nest egg for use in connection with the inauguration of the proposed Gold Bullion standard and Reserve Bank.

The principal variations from the Budget figures are shown below and explanations of the differences are given under their respective heads in Appendix I. (*see* page 22).

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Customs	1,29,71,000	Extraordinary Items	2,46,01,000
Opium	86,31,000	Taxes on Income ..	29,20,000
Other Heads ..	23,05,000	Provincial Contributions and Adjustments	26,23,000
		Salt	20,00,000
		Mint	13,02,000
Total	2,39,07,000	Total ..	3,34,46,000

Net decrease Rs. 95,39,000.

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Military Services ..	67,00,000	Debt Services ..	1,17,44,000
Civil Works	5,21,000	Civil Administration	21,91,000
		Collection of Revenue	17,93,000
		Other Heads ..	5,01,000
Total	72,21,000	Total ..	1,62,29,000

Net decrease Rs. 90,08,000.

BUDGET, 1927–28.

In framing the Budget for 1927–28 the Government of India estimated that, after allowing for the continuance of the crediting to revenue of the interest on the securities in the Paper Currency Reserve and the surplus of the Gold Standard Reserve over £40 million, there would be a surplus of Rs.3·7 crores on the basis of the existing level of taxation. The Government of India proposed the following changes in taxation which would result in a net loss of Rs. 6 lakhs of revenue. *Tea:* to abolish the export duty, but to assess the profits of tea companies at 50 per cent. of their total net income instead of 25 per cent. of profits. *Hides:* to abolish the export duty. *Motor cars, etc.:* to reduce the import duty from 30 to 20 per cent. *ad valorem* and the duty on tyres and tubes from 30 to 15 per cent. *Cheques and other bills of exchange payable on demand:* to abolish the Stamp duty as recommended by the Royal Commission on Indian Currency and Finance. *Rubber stumps and seeds:* to abolish the import duty of 15 per cent. *Unmanufactured tobacco:* to raise the import duty from 1 rupee to 1½ rupees per pound.

The Government of India also proposed an equilibrium budget for 1927–28 by the utilization of Rs. 3½ crores of the expected surplus for the permanent remission of part of the provincial contributions, and by crediting to revenue from the Revenue Reserve Fund, formed from last year's surplus, an amount (approximating Rs. 171 lakhs) sufficient to provide for the non-recurring remission of the balance of the contributions.

The Legislature acquiesced in the Government of India's proposals with the exception of the proposed abolition of the export duty on hides which remains in force. The rates of Salt duty, Postage, Income Tax and Super Tax remain unchanged.

The following reductions were made by the Legislative Assembly in the course of the voting of the demands for grants for 1927–28:—

Expenditure charged to Revenue.

Demand.	*Rs.*
1. Railway Board	9,42,902
23. India Postal and Telegraph Department	2
28. Executive Council	59,999
38. Army Department	5,89,000

Of these, the Governor General in Council has, under section 67A(7) of the Government of India Act, decided, as essential to the discharge of his responsibility, to restore the following amounts:—

Demand.	*Rs.*
1. Railway Board	9,42,900
28. Executive Council	59,999
38. Army Department	5,78,000

In the Budget, as finally passed, the Net Revenue and Expenditure were estimated as follows:—

	Rs.
Net Revenue	86,67.63,000
Net Expenditure	86,67,63,000

As compared with the Revised Estimate for 1926–27, these figures show a decrease of Rs.93,45,000 in net revenue and expenditure, respectively.

The increases and decreases in the Budget as compared with the Revised Estimate for 1926–27 in detail are as follows :—

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Extraordinary Items	4,15,66,000	Provincial Contributions and Adjustments	5,12,89,000
Taxes on Income ..	1,09,58,000	Currency	1,71,26,000
Customs	1,03,66,000	Railways	52,79,000
Salt	30,00,000	Opium	19 41,000
Other Heads	9,11,000	Other Heads	5,11,000
Total	6,68,01,000	Total ..	7,61,46,000

Net decrease Rs. 93,45,000

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Collection of Revenue	11,91,000	Military Services ..	63,00,000
Salt and Other Capital Outlay charged to Revenue	10,40,000	Debt Services ..	29,00,000
		Civil Works	25,81,000
Other Heads	2,05,000		
Total	24,36,000	Total ..	1,17,81,000

Net decrease Rs. 93,45,000

Notes on the Heads under which the principal variations occur will be found in Appendix I. (*See* page 22).

III.—BURDEN OF TAXATION.

	Accounts, 1925–26.	Budget Estimate, 1926–27.	Budget Estimate, 1927–28.
	Lakhs of Rs.	*Lakhs of Rs.*	*Lakhs of Rs.*
Customs	47,68·09	46,31·87	48,62·24
Taxes on Income	16,12·04	16,39·67	17,25·79
Salt	5,92·70	6,50·72	6,61·76
Excise	19,65·77	19,95·51	19,37·07
Stamps	13,65·60	13,91·55	13,61·67
Registration	1,45·39	1,46·61	1,48·42
Scheduled Taxes	35·11	44·18	42·04
Total (excluding Land Revenue) ..	104,84·70	105,00·11	107,38·99
Land Revenue	35,27·71	35,21·71	35,28·32
Total (including Land Revenue) ..	140,12·41	140,21·82	142,67·31
The payment per head, on the assumption that the whole of the taxation is paid by the inhabitants of British India, is :—	*Rs.*	*Rs.*	*Rs.*
(i) exclusive of Land Revenue ..	4·140	4·126	4.199
(ii) inclusive of Land Revenue ..	5·533	5·509	5.578

The above figures include both Central and Provincial revenue.

For the purpose of calculating the payment per head, the figures of population have been based on the Census of 1921 (247,003,293), an annual increase of population at the rate of one-half per cent. being assumed.

IV.—DEBT TRANSACTIONS AND CAPITAL EXPENDITURE.

Debt Transactions.

1926-27.

No Sterling loan was issued in 1926-27.

In June, 1926, the Government of India issued a 4 per cent. loan in India repayable in 1960-70. It was issued at a cash price of Rs.88 per cent. and provided for subscriptions in India and London in cash and 1926 bonds up to a total of Rs.25 crores (nominal) and in 1927 and 1928 bonds to an unlimited extent. Applications for conversions of 1927 and 1928 bonds were accepted up to 26th June, 1926, and subscriptions in the form of 1926, 1927 and 1928 bonds were taken as equivalent in cash at Rs.101 per cent., 102¼ per cent. and 106½ per cent., respectively, of their nominal value. The Rs.25 crores were subscribed in the form of cash and 1926 bonds within a few hours on the opening day, and for the remainder of the period only 1927 and 1928 bonds were admissible in subscription. The total amounts subscribed were.

	Lakhs of rupees.
Cash	16,77
6 per cent. Bonds, 1926, (nominal value 7,61) ...	8,73
6 per cent. Bonds, 1927, (nominal value 2,39) ...	2,78
5½ per cent. War Bonds, 1928, (nominal value 1,01)	1,22
Total nominal value	29,50

The net amount of Permanent Debt in India was increased by Rs.6·19 crores during the year as a consequence of the issue of the new loan. On the other hand the Floating Debt was reduced by Rs.8·18 crores, owing to the reduced holding of Treasury Bills in the Currency Reserve. Of the Permanent Debt discharged in India, Rs.12·14 crores represented 6 per cent. Bonds, 1926, which were not converted into the new loan.

The Sterling Debt decreased to the extent of upwards of £5,000,000. This figure includes approximately £1,000,000 7 per cent. Stock repaid, £512,000 redeemed of the British War Loan liability taken over by India, £1,968,900 utilized for the discharge of Railway debentures and £1,347,200 representing the capital portion of the Railway Annuities.

The Delhi-Umballa-Kalka Railway was purchased by Government during the year for £3,000,000.

The net receipts from Post Office Cash Certificates was Rs.5,71 lakhs.

1927–28.

The Budget provides for a capital outlay of Rs.25 crores on the construction of State Railways, Rs.58 lakhs on Posts and Telegraphs, Rs.39 lakhs on Vizagapatam Port; Rs.19 lakhs on Currency Note Printing Press; Rs.33 lakhs in respect of the commuted value of pensions, and Rs.70 lakhs on the new Capital at Delhi; for the discharge in India of:—

Rs.33,90,000 loans which were not presented for repayment on maturity;

Rs.17,50,00,000 6 per cent. Bonds, 1927;

Rs.2,60,000 (net) other loans;

and for the discharge in England of:—

£547,000 India Railway Debentures;

£1,393,900 for part capital redemption of the railway annuities created in purchase of railways;

£537,600 redemption of liabilities assumed in respect of British 5 per cent. War Loan, 1929–47; and

£200,000 for the statutory sinking funds established in connection with the purchase of the East Indian, Eastern Bengal, and the Scinde Punjab and Delhi Railways.

The Budget did not provide for the issue of a Sterling Loan, but it assumed the receipt from a Rupee Loan in India of Rs.27 crores, and net receipts of Rs.6¼ crores and Rs.5½ crores from Savings Bank deposits and Post Office Cash Certificates, respectively.

The Rupee Loan was opened on the 18th July 1927 in India and in London. It took the form of a 4 per cent. loan, repayable in 1934–37; it was issued at a cash price of Rs.94½ per cent. and provided for subscriptions in 1927 and 1928 bonds from 18th July and in cash from 20th July. Subscribers of 1927 and 1928 bonds were to receive a cash bonus of Rs.6¼ and Rs.12, respectively, for each Rs.100 (nominal) of bonds converted. The loan was to be closed to subscriptions in cash and 1927 bonds when the amount subscribed in these forms approximated Rs.24 crores, but in any case not later than 30th July, up to which date subscriptions in the form of 1928 bonds could be made without limit. If the loan was oversubscribed on 20th July, partial allotment was to be made in the case of cash subscriptions. The total amounts subscribed were approximately, Cash Rs.816 lakhs; 1927 Bonds Rs.719 lakhs, and 1928 Bonds Rs.405 lakhs; grand total Rs.1940 lakhs.

The amount of the permanent and floating public debt of the Government of India (Central Government) outstanding is given in the following table. The figures include debt incurred on behalf of Provincial Governments, the debenture stocks of various railways taken over by the Secretary of State on the transfer of the lines, and the capital value of liabilities undergoing redemption by way of terminable railway annuities.

	In India‡	In England*
	Rs.	£
31st March, 1926..	4,17,93,93,408	342,199,485
31st March, 1927 (Revised Estimate) ..	4,15,94,88,408	339,086,453
31st March, 1928 (Budget Estimate) ..	4,25,08,38,408	336,887,153

‡Excludes Post Office Cash Certificates and includes Treasury bills issued to the Paper Currency Reserve.

*Includes liability for British Government 5 per cent. War Loan, 1929–47, taken over by India.

The classification of the public debt of the Government of India and Provincial Governments combined is given on page 16.

Railways.

On the 31st March, 1926, the length of railways in India open for traffic was 38,579 miles, of which 341 miles were opened in the preceding twelve months. The total route mileage under construction at the close of the year was 2,447 miles. (*See also* App. II (*b*) (i) page 34.

The capital expenditure on railways shown in the Government Accounts for 1925–26 and Estimates for 1926–27 and 1927–28, is as follows:

———	Accounts, 1925–26.	Revised Estimate, 1926–27.	Budget, 1927–28.
	Rs.	*Rs.*	*Rs.*
Outlay on lines worked by the State and by guaranteed companies:—			
(1) From funds provided by the State† ..	19,29,96,011†	29,63,43,000§	25,72,94,000
(2) From funds raised through companies or provided from other sources† ..	*—5,46,081*	*—2,63,43,000*	*—72,94,000*
	*19,24,49,930	27,00,00,000	25,00,00,000

* The figures in the above table have been arrived at after allowing for adjustment in respect of exchange.

† Excludes £3,500,000 Great Indian Peninsula Railway Debenture Stock, the liability for which was taken over by Government on termination of the Company's contract, and also £2,575,000 Great Indian Peninsula Railway Stock paid off by the Government.

§ Includes £3,000,000 paid to the Delhi-Umballa-Kalka Railway Company in purchase of their line.

In addition to the above figures, capital expenditure is incurred on branch lines from funds deposited by Branch line Companies or advanced by the Government.

The following table shows the capital outlay on all State lines up to the end of the year and the net return obtained. (*See* also Appendix II (*b*) (ii) page 35):—

———	Accounts, 1925–26.	Revised Estimate, 1926–27.	Budget, 1927–28.
Capital at charge at end of each year (Central Government)	*Rs.* 6,14,58,95,507	*Rs.* 6,41,58,08,447	*Rs.* 6,66,57,11,474
Working profit from railways excluding interest charges ..	34,09,46,064	32,04,40,000	34,41,62,000
Percentage of same to capital at charge ..	5·55%	4·99%	5·16%
Final working profit after meeting interest charges	*Rs.* 9,28.34,542	*Rs.* 6,00,87,000	*Rs.* 7,09,66,000
Percentage of same to capital at charge ..	1·51%	·94%	1·06%

Posts and Telegraphs.

In the Budget for 1927-28 provision has been made of Rs.58 lakhs for capital outlay not charged to revenue on the Indian Postal and Telegraph Department. The corresponding figures for 1926–27 were:—Budget Estimate, Rs.59·32 lakhs; Revised Estimate, Rs. 31·35 lakhs.

Expenditure on the New Capital at Delhi.

The capital expenditure incurred, or estimated to be incurred, during the three financial years under review, on permanent works at Delhi, is as follows:—

	Rs.
1925–26 (Accounts)	99,06,184
1926–27 (Revised Estimate)	75,00,000
1927–28 (Budget Estimate)	70,00,000

The total actual capital expenditure incurred up to 31st March, 1926, was Rs.11,98,05,293.

Other Capital Expenditure.

Provision has also been made for the following items of expenditure of the Central Government charged outside the Revenue account:—

	Accounts, 1925–26.	Revised Estimate. 1926–27.	Budget, 1927–28.
	Rs.	*Rs.*	*Rs.*
Construction of Irrigation works	—96,675	—76,000	16,000
Capital Outlay on Vizagapatam Port	64,76,753	38,14,000	39,43,000
Payment of commuted value of pensions ..	—	35,00,000	33,35,000
Capital outlay on Security Printing	16,39,618	16,68,000	12,000
Capital outlay on Posts and Telegraphs ..	2,23,54,139	31,35,000	58,02,000
Capital outlay on Currency Note Printing Press	—	8,61,000	19,23,000

Classification of Public Debt.

Immediately prior to 1921–22 the debt of India was classified as (1) Railway Debt, (2) Irrigation Debt, (3) Initial Expenditure on the New Capital at Delhi, (4) Bombay Development Scheme, (5) Ordinary Debt, and (6) Treasury Bills and Short-term loans.

In the table below items (3) and (4) are included under Ordinary Debt.

With effect from 1921–22, the classification has been re-cast, and is now as follows:—

(1) Debt debited to Commercial Departments, subdivided into (*a*) Railways, (*b*) Posts and Telegraphs, (*c*) Irrigation, (*d*) Forests, (*e*) Salt (*f*) Industries (*g*) Vizagapatam Port, (*h*) the Punjab Hydro Electric Scheme and (*i*) Security Printing Press.

(2) Ordinary debt, and

(3) Floating Debt, *i.e.*, Treasury Bills and Short-term Loans.

The portion of the Public Debt shown as incurred for Commercial Departments is determined with reference to the actual capital outlay in those departments provided from Government resources, irrespective of whether it has been financed by loans raised by Government or otherwise, *e.g.*, by appropriations from revenue,* deposits or miscellaneous funds. The funds devoted to capital expenditure in any year normally exceed the money raised by loan for the purpose. When this is the case, the adoption of the method explained above for calculating the amount of debt utilised for Commercial Departments results in the increase of the amount of this category of debt and affords *pro tanto* relief to the ordinary (or unproductive) debt, corresponding roughly to the extent to which funds raised otherwise than by borrowing are devoted to capital outlay on commercial undertakings. The operation is reversed in any year in which, owing to unfavourable financial conditions, funds obtained by loans are used in the ordinary disbursements of Government.

In the following table, which includes the public debt of the Central and the Provincial Governments, the sterling and rupee debts of India have been combined at the rate of Rs. 10=£1.

	31/3/20.	31/3/21.	31/3/22	31/3/23.
Debt debited to Commercial Departments:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Railways	3,50,85,85,130	3,77,45,54,938	3,99,67,52,477	4,18,74,34,019
Irrigation	67,50,86,770	68,77,12,546	78,00,79,612	81,26,69,476
Posts and Telegraphs			15,23,64,560	15,89,26,566
Forests			3,09,239	8,73,542
Ordinary Debt	51,12,72,870	31,74,49,724	30,91,44,589	80,06,23,706
‡Floating Debt	52,98,00,000	1,04,93,10,000	1,11,85,70,000	71,23.90,000
Total	5,22,47,44,770	5,82,90,27,208	6,35,72,20,477	6,67 29,17,309

	31/3/24.	31/3/25.	31/3/26.	31/3/27.†
Debt debited to Commercial Departments:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Railways	4,39,17,70,551	5,40,31,07,055	5,67,87,38,014	5,97,32,91,000
Irrigation	85,80,79,254	89,89,08,175	96,03,95,537	1,02,24,19,000
Posts and Telegraphs	16,64,48,126	17,82,04,007	12,86,53,744	13,25,02,000
Forests	14,75,175	31,84,651	69,10,698	99,31,000
Salt		73,91,575	81,09,619	85,46,000
Industries		1,85,436	2,77,878	3,32,000
Vizagapatam Port			64,76,753	96,61,000
Punjab Hydro-Electric Scheme			5,45,391	22,21,000
Security Printing Press				41,72,000
Ordinary Debt	96,34,31,714	77,82,43,785	47,50,99,645	13,65,60,000
‡Floating Debt	51,77,20,000	49,65,40,000	49,65,15,000	41,47,15,000
Total	6,89,89,24,820	7,76,57,64,684	7,76,17,22,279	7,71,43,50,000

* As regards Budget provision for reduction or avoidance of debt see page 29.

† Figures for 31/3/27 are provisional.

‡ The floating debt includes the Treasury Bills held on account of the Paper Currency Reserve, of which the amounts outstanding were as follows:—

31/3/20	*Rs.* 10,09,00,000	31/3/24	*Rs.* 49,65,00,000
31/3/21	*Rs.* 61,26,00,000	31/3/25	*Rs.* 49,65,00,000
31/3/22	*Rs.* 57,89,00,000	31/3/26	*Rs.* 49,65,00,000
31/3/23	*Rs.* 49,65,00,000	31/3/27	*Rs.* 41,47,00,000

Miscellaneous Liabilities and Assets.

Apart from debt items dealt with in the foregoing pages there are other obligations of Government. Those classified as Unfunded Debt are interest bearing obligations relating to funds deposited with Government for various purposes; they include Service Funds, Savings Bank deposits and Post Office Cash Certificates, &c., amounting on 31st March, 1927, to Rs. 107½ crores. Other deposits with Government include Departmental, Judicial and Local Fund deposits.

On the 31st March 1927, also, the Government of India had lent Rs. 11,45 lakhs (net) to Indian States, Corporations, Agriculturists, etc. Other assets included the Gold Standard Reserve, consisting of gold in London £1,730,134, sterling securities of an estimated value of £38,269,683, and £183 in cash; the cash balances in India, Rs.27,87⅞ lakhs and the Treasury balances in England, £3,122,140.*

* The figures in the final sentence are actuals, and hence differ from the "Revised Estimate" figures in the following statement.

V.—GENERAL STATEMENT OF THE RECEIPTS AND DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

The following table shows the opening balances, receipts, disbursements and closing balances, estimated or actual, of the Government of India in 1925–26, 1926–27, and 1927–28.

	Accounts, 1925–26.	Budget, 1926–27.	Revised Estimate, 1926–27.	Budget, 1927–28.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Opening Balance, India	31,73,60,743	22,88,39,743	25,14,88,041	24,73,44,041
Opening Balance, England	(a)13,51,68,257	(a)14,49,33,257	(b)15,04,63,055	(b) 5,24,32,055
Total Opening Balance	45,25,29,000	37,37,73,000	40,19,51,096	29,97,76,096
RECEIPTS—				
Revenue Surplus	3,31,18,187	5,31,000	—	—
Capital Contributions by Railway Companies and Indian States towards construction of State Railways	77,15,537	2,95,19,000	—	2,58,92,000
Permanent Debt (net incurred)	—	—	3,35,11,000	7,22,41,000
Unfunded Debt (net incurred)	13,45,50,536	9,58,16,000	12,70,76,000	11,63,39,000
Deposits and Advances (net)	9,53,74,499	7,01,96,000	19,25,20,000	3,14,87,000
Railway Depreciation and Reserve Funds	6,00,99,004	5,25,07,000	2,97,05,000	4,11,58,000
Remittances (net)	—	—	64,13,000	—
Balances of Provincial Governments (net)	3,20,25,342	29,000	—	—
Total Receipts	36,28,83,105	24,85,98,000	38,92,25,000	28,71,17,000
Total	81,54,12,105	62,23,71,000	79,11,76,096	58,68,93,096
DISBURSEMENTS—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Capital Outlay on Security Printing	16,39,618	1,72,000	16,68,000	12,000
Construction of State Railways	19,24,49,930	26,00,00,000	27,00,00,000	25,00,00,000
Discharge of Debentures	82,61,618	3,61,85,000	2,63,43,000	3,31,86,000
Redemption of liabilities involved in the purchase of Railways	3,42,73,830	—	—	—
Capital Outlay on Indian Postal and Telegraph Department	2,23,54,139	59,32,000	31,35,000	58,02,000
Construction of Irrigation Works	*—96,675*	*—55,000*	*—76,000*	16,000
Capital outlay on Vizagapatam Port	64,76,753	48,70,000	38,14,000	39,43,000
Payment of Commuted Value of Pensions	—	35,00,000	35,00,000	33,35,000
Initial Expenditure on new Capital at Delhi	99,06,184	1,00,50,000	75,00,000	70,00,000
Capital Outlay on Currency Note Printing Press	—	—	8,61,000	19,23,000
Permanent Debt (net discharged)	4,03,35,226	89,17,000	—	—
Floating Debt (net Discharged)	25,000	—	8,18,15,000	—
Loans and Advances by Central Government (net Advances)	8,92,44,608	8,06,23,000	5,19,45,000	3,03,02,000
Remittances (net)	85,90,778	5,48,000	—	14,95,000
Balances of Provincial Governments (net)	—	—	4,08,95,000	5,18,92,000
Total Disbursements	41,34,61,009	41,07,42,000	49,14,00,000	38,89,06,000
Closing Balance	40,19,51,096	21,16,29,000	29,97,76,096	19,79,87,096
Total	81,54,12,105	62,23,71,000	79,11,76,096	58,68,93,096
DISTRIBUTION OF CLOSING BALANCE—				
Closing Balance, India	25,14,88,041	15,61,98,743	24,73,44,041	14,79,00,041
Closing Balance, England	(b)15,04,63,055	(a) 5,54,30,257	(b) 5,24,32,055	(b) 5,00,87,055

(a) Of this amount, Rs. 31,860 represents the funds of the Gold Standard Reserve.
(b) Of this amount, Rs. 8,249 represents the funds of the Gold Standard Reserve.

VI.—GOLD STANDARD RESERVE.

In accordance with the recommendation made by Sir Henry Fowler's Committee, it was decided that, with effect from 1st April, 1900, the net profit from the coinage of rupees should not be treated as Revenue, but should be held as a special reserve, now called the Gold Standard Reserve.

The principal objects for which the Reserve is maintained are (1) to provide funds from which the Secretary of State for India can finance his requirements at times when remittance of funds from India through the usual market channels cannot conveniently be arranged, and (2) to furnish resources against which, in normal times, sterling drafts may, if necessity arises, be sold by the Government of India to remitters in India, with a view to preventing a depreciation of the exchange. The earlier history of the Reserve is described in the Explanatory Memorandum for 1922–23. [Command Paper 1766 of 1922.]

In 1921–22 and 1922–23 the assets of the Gold Standard Reserve in excess of £40,000,000, on the basis of current market prices, were appropriated in reduction of the outstanding fiduciary currency; but from 1923–24, the corresponding assets have been appropriated to revenue.

Statistics, etc., regarding the Gold Standard Reserve.

The total receipts from profit on coinage, interest and discount, and profit by exchange up to 31st March, 1927, were as follows:—

	£
Profits on Coinage—from 1900–01	28,573,606
Interest and discount	23,312,554
Profit by exchange	194,917
	52,081,077

Of this sum, £1,123,655 has been used for capital expenditure on railways; the remainder, out of which £2,866,217 has been transferred to the Paper Currency Reserve in reduction of created Rupee securities and £6,471,738 has been transferred to Revenue, has been credited to the Reserve. The following table shows the disposal of the sums paid to the Reserve up to 31st March, 1927, and the composition of the Reserve on that date:—

Summary of transactions.

	£	£
Profits on Coinage paid to Gold Standard Reserve—		
Total Profits realized since 1st April, 1900	28,573,606	
Deduct amount used for Capital Expenditure on Railways ..	*1,123,655*	
		27,449,951
Interest and discount received up to 31st March, 1927	23,312,554	
Profit by exchange ..	194,917	
Profit through appreciation	444,924	
		23,952,395
Profits and Interest paid to Reserve from 1st April, 1900, to 31st March, 1927		51,402,346
Deduct—		
Loss on Sale, Redemption, and Conversion of Securities ..	*2,043,817*	
Transferred to Paper Currency Reserve in reduction of created securities	*2,866,217*	
Transferred to Revenue	*6,471,738*	
Miscellaneous Charges	*20,574*	
		11,402,346
Amount of Reserve on 31st March, 1927 ..		£40,000,000

State of Reserve, 31st March, 1927.

	£	£
Sterling Securities held in England (estimated value):		
National War Loan	1,996,013	
National War Bonds	8,275,348	
Treasury Bonds	22,187,849	
Treasury Bills	5,810,478	
		38,269,683
Gold deposited at Bank of England		1,730,134
Cash held in England		183
		£40,000,000

The net profit on the Gold Standard Reserve Investments up to 31st March, 1927, is shown below :—

	£	£
Estimated value of securities on 31st March, 1927		38,269,683
Cost price of securities held on 31st March, 1927		37,824,759
Gain through Appreciation		444,924
Loss on sale and redemption of securities ...		2,043,817
Net Loss		1,598,893
Miscellaneous charges		20,574
Total of losses and charges		1,619,467
Interest and Discount received up to 31st March, 1927	23,312,554	
Profit by exchange	194,917	
		23,507,471
Net profit on investments		£21,888,004

VII.—EXCHANGE AND REMITTANCE.

The sales in London by the Secretary of State of Bills and Transfers on India, the purchases of sterling in India by the Government of India and the purchases by the Secretary of State of proceeds of loans raised in London by Indian public bodies during the last ten years, have been as follows :—

Year.	Sale of Bills and Transfers on India by the Secretary of State.	Purchases of Sterling by the Govt. of India.	Purchases by the Secretary of State of proceeds of Loans raised in London by Indian public bodies.	Total.	Average Rate of Exchange per Rupee.
	£	£	£	£	s. d.
1917–18..	34,913,141	—	—	34,913,141	1 4·534
18–19..	22,539,438*	—	—	22,539,438	1 5·499
19–20..	27,524,437†	—	—	27,524,437	1 10·643
20–21..	nil	—	—	nil	—
21–22..	nil	—	—	nil	—
22–23..	2,570,026	70,000	2,126,210	4,766,236	1 4·200
23–24..	8,738,705	13,100,000	1,302,959	23,141,664	1 4·632
24–25..	7,579,162	33,191,000	700,000	41,470,162	1 5·661
25–26..	—	46,316,500	—	46,316,500	1 6·152
26–27..	—	2,115,000	—	2,115,000	1 6·019

* In addition, £3,372,617 Council Bills were sold to Exchange Banks under special conditions at the rate of 1s. 4·16*d*.

† In addition, £3,701,782 Council Bills were sold to Exchange Banks under special conditions at the rate of 1s. 4·52*d*.

The sales by the Government of India of immediate and deferred telegraphic transfers on London during the last ten years have been as follows :—

1917–18 .. *Nil.*

1918–19 .. £5,315,000 Transfers at average rate of 1*s*. 5$\frac{31}{32}$*d*. the rupee for immediates and 1*s*. 6$\frac{1}{32}$*d*. for deferreds.

1919–20 .. £24,544,000 Transfers at average rate of 2*s*. 7·986*d*. the rupee for immediates and 2*s*. 6·009*d*. for deferreds.

1920–21 .. £30,988,000 Transfers at average rate of 2*s*. 2·102*d*. the rupee for immediates and 2*s*. 2·038*d*. for deferreds.
1921–22 .. *Nil.*
1922–23 .. *Nil.*
1923–24 .. *Nil.*
1924–25 .. *Nil.*
1925–26 .. *Nil.*
1926–27 .. £1,425,000 Immediate Transfers at an average rate of 1*s*. 5¼*d*.

VIII.—SEA-BORNE TRADE.

The figures of Exports from, and Imports into, India during 1924–25, 1925–26 and 1926–27, are given in Appendix II (*c*) on pages 36 to 41.

WINTERTON.

India Office,

August, 1927.

APPENDIX I.

NOTES ON CERTAIN HEADS OF NET REVENUE AND EXPENDITURE.

NET REVENUE.

Customs.

	Rs.
Accounts, 1925–26	47,77,95,049
Budget, 1926–27	46,40,00,000
Revised Estimate, 1926–27	47,69,71,000
Budget, 1927–28	48,73,37,000

The net receipts from Customs in 1926–27 are expected to be nearly Rs.130 lakhs more than originally estimated. The largest increases as compared with the Budget were under the heads sugar, Rs.125 lakhs, articles charged at 15 per cent. *ad valorem* Rs.66 lakhs, and protective duties on steel, Rs. 50 lakhs. These are partly counterbalanced by decreases which occur principally under cotton piece-goods, Rs.50 lakhs, mineral oils, Rs.25 lakhs, and rice, Rs.21 lakhs.

The Budget estimate for 1927–28 exceeds the revised estimate for the current year by about Rs.104 lakhs; against an improvement of Rs.186 lakhs mainly under cotton piece-goods and protective duties on steel must be off-set losses in protective duties as a result of measures embodied in the Steel Industry (Protection) Act, the abolition of the tea export duty, and the reduction in the import duty on motor cars, etc. The revenue from the duty on sugar is also estimated at a lower figure. The increase in the import duty on unmanufactured tobacco accounts for an expected improvement of Rs.18 lakhs. A proposal to abolish the export duty on hides was not accepted by the Legislative Assembly.

The details of the receipts under the respective heads are given in the table on pages 234 to 236 of the Indian Budget for 1927–28. (H.C. 85 of 1927).

Taxes on Income.

—	Accounts, 1925–26.	Budget, 1926–27.	Revised Estimate, 1926–27.	Budget, 1927–28.
	Rs.	Rs.	Rs.	Rs.
Income Tax	13,00,81,005	13,03,22,000	13,10,62,000	13,68,31,000
Super Tax	4,65,92,475	4,68,00,000	4,59,40,000	4,99,49,000
Excess Profits Duty	800	1,000	17,000	1,000
TOTAL TAXES ON INCOME	17,66,74,280	17,71,23,000	17,70,19,000	18,67,81,000
Deduct Refunds	*1,54,70,244*	*1,31,56,000*	*1,56,54,000*	*1,42,02,000*
TOTAL REVENUE	16,12,04,036	16,39,67,000	16,13,65,000	17,25,79,000
Deduct Share of Provincial Governments under Devolution Rules	*26,10,597*	*25,00,000*	*28,18,000*	*30,74,000*
Revenue of Central Government	15,85,93,439	16,14,67,000	15,85,47,000.	16,95,05,000

The revised estimate for 1926–27 falls short of the Budget estimate for that year by Rs.29 lakhs net, due almost entirely to an increase in refunds. The variations under Income Tax consist principally of increases in Bombay and Burma, Rs.20 lakhs and Rs.11 lakhs, respectively, and decreases in Bengal, 24 lakhs, and the Punjab, 9 lakhs.

The Budget estimate for 1927–28 is about Rs.110 lakhs more than the revised estimate of the previous year. Of this amount Rs.45 lakhs are accounted for by the alteration in the method of assessment of tea companies to which reference has already been made on page 9. An appreciable improvement is also expected from the substitution of tax-subject for tax-free Government of India securities and a diminution in refunds.

Salt.

	Rs.
Accounts, 1925–26	6,32,96,778
Budget, 1926–27	6,90,00,000
Revised Estimate, 1926–27	6,70,00,000
Budget, 1927–28	7,00,00,000

The revised estimate for 1926–27 is less than the Budget figure for that year by Rs.20 lakhs, owing to the expectation of a reduction in the rate of duty and the operation of the system of credit sales.

The estimate for 1927–28 allows for a small increase in consumption.

Opium.

—	Accounts, 1925–26.	Budget, 1926–27.	Revised Estimate, 1926–27.	Budget, 1927–28.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Receipts—*less* refunds	4,14,99,581	3,80,00,000	4,18,51,000	3,83,08,000
Charges—including exchange	*2,11,47,144*	*1,54,41,000*	*1,06,61,000*	*90,59,000*
Net revenue	2,03,52,437	2,25,59,000	3,11,90,000	2,92,49,000

The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries and from the sale to Provincial Governments of excise opium for internal consumption in India. The entire quantity is now exported under the system of direct sales to Foreign and Colonial governments, the system of auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from 7th April, 1926. In no case are exports permitted without an import certificate by the Government of the country of import as prescribed by the League of Nations.

It has been decided to reduce the total of the opium exported since the calendar year 1926 by 10 per cent. annually in each subsequent year until exports are totally extinguished at the end of 1935.

Excise opium is sold to Provincial Governments for internal consumption in India at a fixed price based on the cost of production. This opium is retailed to licensed vendors at rates fixed by the Provincial Governments and varying from Province to Province.

Exports of provision opium in 1926–27 were expected to total 8,065 chests as against 7,000 originally estimated. This is the main reason for the increased receipts as compared with the Budget estimate amounting, after taking account of compensation of about Rs.9 lakhs payable to certain dealers in consequence of the stoppage of export to Saigon, to more than Rs. 38 lakhs. Expenditure also showed a reduction of Rs.48 lakhs, due to the poor quality of the year's crop and the reduction in the area under cultivation.

In 1927–28 less receipts from opium are estimated, mainly due to the reduction in the exports of opium under the arrangement referred to above. It is also anticipated that expenditure will be reduced.

Railways.

	Accounts, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
REVENUE.			
State Railways—	Rs.	Rs.	Rs.
(1) Commercial Lines :—			
Gross Receipts	98,05,93,360	97,34,54,000	99,30,19,000
Deduct —			
Working Expenses	*62,61,82,460*	*63,47,61,000*	*63,55,50,000*
Surplus Profits paid to Indian States and Railway Companies	*1,77,41,943*	*1,61,30,000*	*1,41,25,000*
Net Receipts	33,66,68,957	32,25,63,000	34,33,44,000
(2) Strategic Lines :—			
Gross Receipts	1,64,06,980	1,49,25,000	1,51,25,000
Deduct :—			
Working Expenses	*1,80,13,976*	*1,96,50,000*	*1,97,50,000*
Net Receipts	*—16,06,996*	*—47,25,000*	*—46,25,000*
Total Net Receipts—Commercial and Strategic Lines	33,50,61,961	31,78,38,000	33,87,19,000
Subsidized Companies: Government Share of Surplus Profits	35,07,118	31,02,000	30,53,000
Interest on Depreciation and Reserve Funds	53,77,245	61,43,000	74,66,000
Dividend on Investments in Branch Lines	66,451	3,91,000	4,75,000
Transferred from Reserve to Revenue to meet in full the contribution to General Revenues	—	7,06,000	—
Total Revenue	34,40,12,775	32,81,80,000	34,97,13,000
EXPENDITURE.			
Interest Charges :—			
(1) Commercial Lines	23,50,17,326	24,70,21,000	25,94,96,000
(2) Strategic Lines	1,30,94,196	1,33,32,000	1,37,00,000
Total Interest Charges (*)	24,81,11,522	26,03,53,000	27,31,96,000
Other Expenditure	30,66,711	77,40,000	55,51,000
Transferred to Reserve Fund (†)	3,79,30,973	—	1,61,58,000
Total Expenditure	28,91,09,206	26,80,93,000	29,49,05,000
Total Payment from Railways to General Revenues	5,49,03,569	6,00,87,000	5,48,08,000
Comprising (†) :—			
Contribution	5,09,38,083	6,00,87,000	5,48,08,000
One-third of Excess of Railway Surplus over three crores	39,65,486	—	—

(*) The annual provision for the repayment of capital through the railway annuities and sinking funds, amounting to £1,600,000 approximately, has been excluded from the Railway Revenue Account with effect from the Budget of 1924–25.

(†) *See* remarks below.

In accordance with the resolution passed by the Legislative Assembly in September, 1924, railway finance was separated from the general finances of the Government of India with effect from 1924–25. The Railways have now to meet all working expenses, including interest charges of commercial lines, and after meeting

these charges they have to make a contribution to general revenues equal to 1 per cent. on the capital at charge of the commercial lines in the penultimate year *plus* one-fifth of surplus profits in such penultimate year and one-third of the amount remaining available for transfer to Railway reserves in excess of Rs. 3 crores.

The net payments due from the Railways to general revenues of the Central Government in 1925–26, 1926–27 and 1927–28, calculated in the manner explained above, are as follows:—

	Accounts, 1925–26.	Revised Estimate, 1926–27.	Budget Estimate, 1927–28.
	Rs.	*Rs.*	*Rs.*
1 per cent. on Capital at charge, commercial lines	5,40,38,966	5,80,75,631	6,00,36,799
One-fifth of surplus profit	90,03,230	1,78,90,498	95,06,519
	6,30,42,196	7,59,66,129	6,95,43,318
Deduct Interest on capital and loss in working of strategic lines	*1,21,04,113*	*1,58,79,241*	*1,47,34,853*
Contribution	5,09,38,083	6,00,86,888	5,48,08,465
One-third of excess of railway surplus over 3 crores ..	39,65,486	—	—
Total payment to general revenues	5,49,03,569	6,00,86,888	5,48,08,465

It will be seen from the statement on the previous page that in order that the full contribution to general Revenues for 1926–27 should be met, a transfer of Rs. 7 lakhs from the Railway Reserve Fund will be necessary.

The foregoing tables and the Net Revenue table on page 6 show that the net revenue of the Central Government from the Railways is as follows, viz.:—

1925–26 Accounts, Rs.5,49,03,569; 1926–27 Budget Rs.6,00,87,000; 1926–27 Revised Estimate, Rs.6,00,87,000; and 1927–28 Budget, Rs.5,48,08,000.

The gains from Commercial lines in the same years are: 1925–26 Accounts, Rs.10,76,69,395; 1926–27 Revised Estimate, Rs.7,75,13,000; and 1927–28 Budget, Rs.8,93,04,000.

The Railway Depreciation and Railway Reserve Funds are estimated to have closing balances on 31st March, 1928, of Rs. 1129 lakhs and Rs.1134 lakhs, respectively.

The Great Indian Peninsula Railway came under State management on the 30th June, 1925. The Delhi-Umballa-Kalka Railway was purchased by the Secretary of State on 1st April, 1926.

Posts and Telegraphs.

—	Accounts, 1925–26.	Budget, 1926–27.	Revised Estimate, 1926–27.	Budget, 1927–28.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Indian Postal and Telegraph Department:				
Gross Receipts	10,21,37,542	10,64,65,000	10,51,03,000	10,79,83,000
Less Working Expenses	*9,37,95,801*	*10,17,50,000*	*10,04,94,000*	*10,24,08,000*
Interest on Debt	*46,38,461*	*57,00,000*	*53,26,000*	*56,51,000*
	9,84,34,262	*10,74,50,000*	*10,58,20,000*	*10,80,59,000*
Net Revenue	37,03,280	*—9,85,000*	*—7,17,000*	*—76,000*
Capital Outlay charged to Revenue ..	*—1,40,87,446*	20,02,000	18,52,000	20,00,000
Net Receipts *or Expenditure* ..	1,77,90,726	*—29,87,000*	*—25,69,000*	*—20,76,000*
Indo European Telegraph Department :—				
Gross Receipts	36,42,730	34,04,000	36,04,000	36,62,000
Less Working Expenses	*33,49,242*	*35,67,000*	*33,21,000*	*34,30,000*
Interest on Debt	*4,30,673*	*5,10,000*	*5,17,000*	*5,29,000*
	37,79,915	*40,77,000*	*38,38,000*	*39,59,000*
Net Revenue	*—1,37,185*	*—6,73,000*	*—2,34,000*	*—2,97,000*
Capital Outlay charged to Revenue ..	*—11,71,419*	3,89,000	1,65,000	2,81,000
Net Receipts *or Expenditure* ...	10,34,234	*—10,62,000*	*—3,99,000*	*—5,78,000*

A commercial system of accounts has been introduced into both of these Departments with effect from 1925–26. The figures of " Net Revenue " shown in the above statement indicate the gain or loss on the working on a commercial basis. The working expenses of the Indian Postal and Telegraph Dept. in 1927–28 include Rs.12¼ lakhs of new measures designed to improve the pay and allowances of the subordinate staff, but also take account of an increased credit of Rs. 5¼ lakhs in respect of the management of the work connected with the Post Office Savings Bank and Cash Certificates.

The minus figure of Capital outlay charged to Revenue of the Postal and Telegraph Dept. in 1925–26 is due to the transfer of Rs. 161 lakhs of balances of Stores and Workshop manufacture Suspense to a Capital head of the Accounts, being netted with Rs. 19,94,792.

Currency.	*Rs.*
Accounts, 1925–26	3,76,11,657
Budget, 1926–27	3,43,44,000
Revised Estimate, 1926–27	3,44,80,000
Budget, 1927–28	1,73,54,000

The greater part of the net revenue receipts shown under Currency ordinarily arises from the interest on the securities in the Paper Currency Reserve, and in respect of loans to the Imperial Bank against inland bills of exchange. Under the Indian Paper Currency Act this interest was earmarked for reduction of created securities in the Paper Currency Reserve. This provision has, however, been temporarily suspended since 1921–22 by legislation and the interest credited to revenue.

The substantial drop in the anticipated receipts in the year 1927–28 is the combined result of the reduction in the amount of investments held in the Paper Currency Reserve both in England and in India and of the comparatively lower rates at which India Treasury Bills held in the Reserve were renewed in 1926–27.

Provincial Contributions and Adjustments.

—	Accounts, 1925–26.	Budget, 1926–27.	Revised Estimate, 1926–27.	Budget, 1927–28.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Contributions	6,20,12,000	5,45,12,000	5,17,12,000	—
Miscellaneous adjustments (*net charges*)	*—11,71,323*	*—6,00,000*	*—4,23,000*	—
Total (net receipts)	6,08,40,677	5,39,12,000	5,12,89,000	—

Contributions.—It was provided by the Devolution Rules, made under Section 45A of the Government of India Act, that in the year 1921–22 contributions of specified amount, and in future years similar contributions or such smaller sums as might be determined by the Governor-General in Council, should be paid by the Local Governments to the Government of India. If for any year the total of the contributions was reduced, reductions should be made in respect of those Local Governments only whose last previous annual contribution should have exceeded the specified proportion of the smaller sum so determined as the total contribution, and any reduction so made should be proportionate to such excess.

The contributions in the first year of the reformed constitution aggregated Rs. 983 lakhs. Permanent remissions of Rs. 375 lakhs were made during the years 1925–26 and 1926–27, leaving unremitted the amounts shown in Column 2 of the table below. The Budget of 1927–28 provides for the further permanent remission of Rs. 350 lakhs as indicated in Column 3 and, with the aid of the Surplus of 1926–27 carried forward to a Special Revenue Reserve, for the non-recurring remission in 1927–28 of the balance (Column 4).

Province.	Contributions unremitted at 31st March, 1927.	Permanent remissions in 1927–28.	Balance remitted for 1927–28.
	Rs. lakhs.	Rs. lakhs.	Rs. lakhs.
Madras	165·19	116·46	48·73
Bombay	56	18·73	37·27
Bengal	63	8·53	54·47
United Provinces	150·85	99·25	51·60
Punjab	85·73	59·93	25·80
Burma	50·23	31·60	18·63
Central Provinces	22	7·67	14·33
Assam	15	7·83	7·17
Coorg	·12	·12	—
	6,08·12	3,50·12	258·00

The above includes figures relating to Bengal. The contribution payable by that Province had, however, as a special measure, been remitted for the years 1922–23 to 1927–28.

The Revised Estimate for 1926–27 provides for the remission for that year of half of Bombay's contribution, i.e., Rs. 28 lakhs, as a special measure of relief to that province.

Adjustments.—With effect from 1927–28 the assignments hitherto made by the Central Government to certain Provincial Governments in respect of customs duty on imported stores will cease.

Extraordinary Receipts.

	Accounts 1925–26.	Budget 1926–27.	Revised Estimate 1926–27.	Budget 1927–28
	Rs.	Rs.	Rs.	Rs.
Receipts	63,57,154	16,00,000	52,03,000	1,87,65,000
Payments	*25,76,854*	*5,00,000*	*2,87,04,000*	*7,00,000*
Net Reciepts ..	37,80,300	11,00,000	*2,35,01,000*	1,80,65,000

The major revenue head of account " Extraordinary Receipts and Payments " was opened for the first time in 1923–24 to record special receipts and charges of a non-recurring character, which it was considered desirable to distinguish from the ordinary revenue and expenditure of Government.

The increase in the revised estimate for 1926–27 of receipts is mainly due to extra receipts on account of reparation receipts from Germany. The large increase of Rs. 282 lakhs in the payments is nominal only; it represents the transfer of the revenue surplus to a special Revenue Reserve Fund, as explained on page 8.

The large increase of receipts in 1927–28 represents so much of the previous year's surplus re-transferred from the Revenue Reserve Fund to enable the balance of the Provincial contributions to be remitted in 1927–28 concurrently with the existence of an equilibrium budget.

NET EXPENDITURE.

Debt Services.

——	Accounts, 1925–26.	Budget, 1926–27.	Revised Estimate, 1926–27.	Budget 1927–28.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Gross payments for Interest on Dept ..	38,12,26,141	37,94,17,000	37,39,63,000	37,45,05,000
Deduct amounts chargeable to—				
Railways	*23,14,12,512*	*24,38,21,000*	*24,46,81,000*	*25,82,64,000*
Irrigation	*12,06,983*	*12,05,000*	*12,03,000*	*12,04,000*
Posts and Telegraphs	*51,25,932*	*62,10,000*	*59,20,000*	*62,77,000*
Other Heads	*6,45,467*	*11,11,000*	*10,66,000*	*13,80,000*
Provincial Loans Fund	*5,20,83,051*	*5,29,82,000*	*5,34,33,000*	*5,36,05,000*
Total Deductions	*29,04,73,945*	*30,53,29,000*	*30,63,03,000*	*32,07,30,000*
Interest on Ordinary Debt..	9,07,52,196	7,40,88,000	6,76,60,000	5,37,75,000
Interest on other Obligations*	4,29,47,144	5,12,25,000	4,94,94,000	5,24,79,000
Reduction or avoidance of Debt	4,97,25,352	4,98,63,000	4,97,15,000	5,11,80,000
Total	18,34,24,692	17,51,76,000	16,68,69,000	15,74,34,000
Interest Receipts on loans, &c., in India and England	*4,21,95,320*	*3,47,11,000*	*3,81,48,000*	*3,16,13,000*
Net Interest Payments (Other than those chargeable to Commercial Departments and Provincial Loans Fund)	14,12,29,372	14,04,65,000	12,87,21,000	12,58,21,000

* The nature of these "other obligations" is explained on p. 17.

A net improvement of Rs. 34 lakhs in Interest receipts during 1926–27 is due to the fact that rates of interest earned on balances in England were higher than was anticipated when the Budget was framed, although receipts in India fell by Rs. 8 lakhs owing to the sale of certain interest earning securities pertaining to the Railway Provident Funds. Interest payments during 1926–27 other than those chargeable to commercial departments and the Provincial Loans Fund are Rs. 81 lakhs better than the provision in the Budget. The improvement results from a saving of Rs. 61 lakhs on payments in India mainly due to a reduction in the rate of discount on renewal of Treasury bills in the Paper Currency Reserve, and to a saving of Rs. 18 lakhs on interest allowed on the balances of the Reserve and Depreciation Funds. The rates allowed on these balances have dropped from $4\frac{1}{2}$ to $3\frac{3}{4}$ per cent., as a consequence of the reduction in the rate at which the Government of India borrow in the market. The amount held in the Railway Reserve Fund was also lower than was expected.

A special discount sinking fund will be formed to spread the charge for the discount (Rs. 354 lakhs) in the rupee loan of 1926–27 over the period of the currency of the loan.

The net payments of interest on debt in 1927–28 show a considerable decrease compared with the previous year, indicating the extent to which unproductive debt has been replaced by productive debt.

In view of the reduction in the rates at which Government have recently been able to borrow the rate of interest allowed on the balances of Provident and other similar funds has been reduced from $5\frac{1}{2}$ to $4\frac{3}{4}$ per cent., with effect from 1st April, 1927.

Provincial Loans Fund.—A Provincial Loans Fund was established with effect from 1st April, 1925, to systematise the arrangements by which advances are made by the Central Government to the Provincial Goverments. Advances to the Provincial Governments, which were previously made direct to them by the Central Government, are now made from the Provincial Loans Fund, which receives advances from the Central Government. As regards advances to Provincial Governments sanctioned priod to the constitution of the Fund, the latter simply takes the place of the Government was *vis-á-vis* the Provinces. The Fund is charged with interest on the basis of the cost of new borrowing to the Government of India from time to time.

Interest on other obligations.—This includes interest on Post Office Savings Bank balances, bonus on Post Office Cash Certificates, and interest on Reserve and Depreciation Funds, Provident Funds, and on Fixed Deposits of Provincial Governments.

Reduction or Avoidance of Debt.—With effect from 1925–26 a scheme was introduced, for five years, to stabilise the annual provision from revenue for the reduction or avoidance of debt (which will include certain obligatory payments estimated to amount to Rs. 436·24 lakhs in 1927–28) at Rs. 4 crores *plus* a sum representing one-eightieth of the net amount of new debt contracted (up to the end of the previous year) since 31st March, 1923. In

the Budget for 1927–28 the amount so provided was Rs. 495·80 lakhs.

Military Services.

	Accounts, 1925–26.	Budget, 1926–27.	Revised Estimate, 1926–27.	Budget, 1927–28.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Army	52,08,86,450	51,11,68,000	51,67,43,000	50,44,35,000
Marine	52,55,783	60,93,000	54,17,000	68,00,000
Military Engineer Services	3,38,43,421	3,15,39,000	3,33,40,000	3,79,65,000
Total	55,99,85,654	54,88,00,000	55,55,00,000	54,92,00,000

Since 1921–22 substantial reductions have been effected in the expenditure on the Military services. The actual net expenditure as shown in the final accounts or as estimated, where the accounts are not yet closed, is indicated in the following statement:—

	Rs. Crores.
1921–22	69·81
1922–23	65·27
1923–24	56·23
1924–25	55·63
1925–26	56·00
1926–27 (Revised Estimate)...	55·55
1927–28 (Budget Estimate)	54·92

The accounts of years prior to 1923–24 were affected by abnormal conditions, such as operations on the North-West Frontier and in Waziristan, and have also been disorganised by miscellaneous adjustments of war expenditure, but from the year 1923–24, in which the recommendations of the Retrenchment Committee were carried out, the amounts may be taken as expressive of expenditure on a scale approaching that of a normal post-war establishment.

It has been decided, after consideration of the Report of the Army Accounts Committee, to revert from 1st April, 1927, to a system of estimates and accounts, including appropriation accounts, which will deal solely with the actual cash grants allotted and spent for the maintenance of the Army. Stores accounts, maintenance accounts, and accounts on commercial lines for factories and other manufacturing establishments will also be published.

The Revised Estimate of net expenditure on the Army for 1926–27 exceeds the original budget figure by Rs. 55 lakhs. The excess is due to an additional provision of Rs. 70 lakhs for the replacement of a serious shortage in ordnance stocks, to an extra payment of Rs. 24 lakhs to the War Office falling due in the year as the result of a new arrangement for the adjustment of claims connected with allotments and marriage allowances drawn by the families of British soldiers, to excess expenditure of Rs. 10 lakhs on account of a rise in prices of forage articles, and an increase of Rs. 6 lakhs for sea transport and packet passages. On the other hand savings have been effected of Rs. 28 lakhs in pensions and non-effective charges, Rs. 9 lakhs in rail and travelling charges, Rs. 12 lakhs as the result of shortages in establishments, and Rs. 9 lakhs on account of free issues of water, ice and electricity by the Military Engineer Services.

For 1927–28 the Military Services Budget Estimate is Rs. 54·92 crores, a reduction of Rs. 63 lakhs on the Revised Estimate for 1926–27. Compared with the Budget for 1926–27 additional provision amounting to Rs. 80 lakhs has been made for the purchase and manufacture of ordnance equipment and other stores, the charges for sea transport and packet passages have been increased by Rs. 27 lakhs, and a further Rs. 6 lakhs has been allowed for the expansion of the Royal Air Force. In the other direction is a saving of Rs. 64 lakhs in the payments of gratuities to demobilised officers, and a saving of Rs. 52 lakhs on account of charges for issues of electricity, water and ice to Army units and formations by the Military Engineer Services, which charges, under the new system of accounts referred to above, are not debitable to the Army with effect from April, 1927. There are also reductions of Rs. 17 lakhs in pension charges, Rs. 18 lakhs on rail and travelling charges, and Rs. 13 lakhs on charges for pay of British Officers and soldiers. In 1927–28 the usual transactions in respect of Aden have been eliminated from the accounts and their place taken by a contribution payment to the British Government of £250,000.

The statement below gives particulars of Army charges, which form the most important part of the charges grouped together in the preceding table.

The figures for the years 1925–26 and 1926–27 cannot be classified under the new heads to be adopted from 1927–28.

	Actuals, 1925–26.	1926–27.		Budget, 1927–28.
		Budget.	Revised.	
EXPENDITURE.	*Rs.*	*Rs.*	*Rs.*	*Rs.*
India—				
(A.) Standing Army.				
Effective Services.				
Maintenance of the Standing Army ..	—	—	—	17,03,98,930
Administrative services	—	—	—	6,52,39,060
Manufacturing establishments	—	—	—	3,19,27,610
Army Headquarters, Staff of Commands, etc.	—	—	—	2,02,36,020
Purchase and sale of stores, equipment and animals	—	—	—	4,38,38,030
Special Services	—	—	—	65,800
Transportation, conservancy, anti-malarial measures, hot weather establishments and miscellaneous ..	—	—	—	2,69,36,550
Unadjusted Expenditure	—	—	—	—
Lump cut for probable underspending	—	—	—	80,00,000
Total—*Effective*	—	—	—	35,06,42,000
Non-Effective Services.				
Non-effective charges	—	—	—	4,71,97,000
(B.) Auxiliary and Territorial Forces Effective	—	—	—	86,10,000
(C.) Royal Air Force .. Effective	—	—	—	1,35,57,000
(C.) Royal Air Force .. Non-Effective ..	—	—	—	52,000
Total	—	—	—	1,36,09,000
Total, India .. Effective ..	41,17,74,810	39,83,60,000	40,61,95,000	37,28,09,000
Total, India .. Non-Effective	4,55,64,772	4,86,98,000	4,66,84,000	4,72,49,000
Carried over Rs.	45,73,39,582	44,70 58,000	45.28,79,000	42,00,58,000

	Accounts, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
EXPENDITURE.				
Brought forward.. Rs.	45,73,39,582	44,70,58,000	45,28,79,000	42,00,58,000
England—				
(A.) Standing Army.	£	£	£	£
Effective Services.				
Maintenance of the Standing Army ..	—	—	—	2,792,300
Administrative services	—	—	—	404,700
Manufacturing establishments	—	—	—	743,900
Army Headquarters, Staff of Commands, etc.	—	—	—	70,000
Purchase and sale of stores, equipment and animals	—	—	—	779,000
Special Services	—	—	—	16,000
Transportation, conservancy, anti-malarial measures, hot weather establishments and miscellaneous ..	—	—	—	669,000
Total—*Effective*	—	—	—	5,474,900
Non-Effective Services.				
Non-effective charges	—	—	—	3,573,900
(C.) Royal Air Force—				
Effective	—	—	—	479,500
Non-Effective	—	—	—	15,000
Total, Part C	—	—	—	494,500
	9,704,275 Rs.	9,402,600 Rs.	9,748,400 Rs.	9,543,300 Rs.
Total, England { Effective ..	6,58,13,052	5,82,45,000	6,20,37,000	5,95,44,000
Total, England { Non-Effective ..	3,12,29,714	3,57,81,000	3,54,47,000	3,58,89,000
	9,70,42,766	9,40,26,000	9,74,84,000	9,54,33,000
Total Expenditure. { Effective ..	47,75,87,862	45,66,05,000	46,82,32,000	43,23,53,000
Total Expenditure. { Non-Effective ..	7,67,94,486	8,44,79,000	8,21,31,000	8,31,38,000
	55,43,82,348	54,10,84,000	55,03,63,000	51,54,91,000
REVENUE.				
India .. .. { Effective ..	2,86,15,581	2,46,07,000	2,85,48,000	64,89,000
India .. .. { Non-Effective ..	15,73,770	14,07,000	13,84,000	15,52,000
India .. .. { Total	3,01,89,351	2,60,14,000	2,99,32,000	80,41,000
	£ 330,655 Rs.	£ 390,200 Rs.	£ 368,800 Rs.	£ 301,500 Rs.
England	26,55,816	27,99,000	25,85,000	18,96,000
{ Effective ..	6,50,731	11,03,000	11,03,000	11,19,000
{ Non-Effective ..	33,06,547	39,02,000	36,88,000	30,15,000
{ Total				
Total Revenue { Effective ..	3,12,71,397	2,74,06,000	3,11,33,000	83,85,000
Total Revenue { Non-Effective ..	22,24,501	25,10,000	24,87,000	26,71,000
Total Revenue { Total	3,34,95,898	2,99,16,000	3,36,20,000	1,10,56,000
Net Expenditure. { India	42,71,50,231	42,10,44,000	42,29,47,000	41,20,17,000
Net Expenditure. { England	9,37,36,219	9,01,24,000	9,37,96,000	9,24,18,000
{ Effective ..	44,63,16,465	42,91,99,000	43,70,99,000	42,39,68,000
{ Non-Effective ..	7,45,69,985	8,19,69,000	7,96,44,000	8,04,67,000
{ Total	52,08,86,450	51,11,68,000	51,67,43,000	50,44,35,000

Marine.—Provision has been made on the basis of the existing organisation with an addition for the extra cost of the Royal Indian Navy.

Military Engineering Services.—The provision for 1927-28 includes an additional Rs. 20 lakhs mainly for the acceleration of the programme of building and electrification of lines for Indian and British troops. The remainder of the increase as compared with 1926-27 is due mainly to the change in accounting from April, 1927, under which Military Engineer Services will not take credit for issues of electricity, water and ice to Army units and formations.

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APPENDIX II. (*a*).

HOME CHARGES.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1925-26.	Revised Estimate, 1926-27.	Budget, 1927-28.
Direct demands on the Revenues :—	£	£	£
Stores for India	62,840	3,300	4,600
Leave Allowances and Miscellaneous	97,885	106,300	48,600
Railway Revenue Account :—			
Interest	8,460,343	8,541,900	8,703,300
Government share of Surplus profits	*227,438*	*189,400*	*174,000*
Leave Allowances and Miscellaneous	326,905	420,600	398,000
Irrigation Revenue Account :—			
Leave Allowances	4,305	6,400	5,400
Posts and Telegraphs :—			
Indian Postal and Telegraph Department : Stores for India	9,922	—	—
" " " Leave Allowances and Miscellaneous	58,373	59,100	54,600
Indo-European Telegraph Department	*75,757*	*142,600*	*133,700*
Debt Services :—			
Interest on Ordinary Debt (less interest realised from investment of Cash Balance)	4,279,378	4,180,500	4,033,700
Interest, Discount, etc., on Gold Standard Reserves credited to Revenue	*1,977,674*	*1,925,000*	*1,625,000*
Liability assumed in respect to British 5 per cent. War Loan, 1929–47 : Interest	940,318	916,000	890,400
Management of Debt	93,053	98,000	97,700
Interest on Other Obligations	10,144	13,100	13,800
Civil Administration :—			
Home Administration :—			
India Office : Salaries and Contingencies	213,088	222,600	219,700
High Commissioner's Office, Salaries and Contingencies	126,572	128,800	182,400
Audit Office : Salaries	14,703	15,400	16,200
Contribution by His Majesty's Treasury in respect of the Administrative Expenses of India Office.	*143,922*	*116,400*	*113,500*
Payments on account of Departments in India :—			
Stores for India	54,082	53,200	74,300
Leave Allowances and Miscellaneous	375,448	374,800	381,200
Currency and Mint :—			
Interest on Paper Currency Reserve Investments	*935,651*	*765,000*	*100,000*
Stores for India	188,817	229,600	175,900
Leave Allowances and Miscellaneous	5,796	5,600	8,000
Civil Works :—			
Stores for India	7,880	8,000	100
Leave Allowances and Miscellaneous	6,623	5,300	6,600
Miscellaneous :—			
Territorial and Political Pensions	10,541	11,100	11,100
Civil Superannuation Allowances and Pensions (including Home establishment Pensions)	1,869,814	1,829,300	1,798,400
Contribution to the Secretariat of the League of Nations	53,288	55,000	52,000
Other Miscellaneous Charges	44,750	49,100	72,800
Stationery and Printing :—			
Stores for India	101,065	39,000	59,000
Expenditure at the India Office and the High Commissioner's Office, Leave Allowances, etc.	12,584	12,300	12,800
Military Services (Army, Marine and Air Force) :—			
Home Charges of British Forces serving in India (less receipt from the War Office on Account of Aden)*	1,561,344	1,645,800	*1,712,200
Sea Transport Charges (less receipt of £130,000 from the War Office)	498,707	416,400	528,000
Unemployment Insurance	68,085	85,700	85,700
*Aden Contribution	—	—	*250,000

* From 1927–28, consequent on the transfer of Aden to the Imperial Government with effect from 1st April, 1927, the receipt from the War Office ceases and a contribution as shown, is payable by India.

Net Expenditure.	Accounts, 1925-26.	Revised Estimate, 1926-27.	Budget, 1927-28.
Military Services (Army, Marine and Air Force) *continued*—	£	£	£
Contribution to the expenses of His Majesty's Ships in Indian Seas	101,105	100,000	100,000
Furlough Pay	796,637	835,500	825,500
Stores	1,636,872	1,743,400	1,830,000
Marriage Allowances and Allotments	448,596	637,000	447,000
Gratuities to Surplus Officers of Indian Army	1,233,123	492,000	16,000
Other Effective Charges	141,376	173,000	180,900
Retired Pay of British Forces for Service in India	709,264	1,206,500	1,165,300
Retired Pay: Indian Services	1,991,480	1,853,900	1,940,200
Family and Miscellaneous Pensions	408,001	426,400	423,900
Extraordinary Receipts and Payments:—			
Earnings of Enemy Ships	*385,502*	*20,400*	—
Receipts on account of "Dawes" Annuities	*90,326*	*312,800*	*120,000*
Total	23,186,837	23,528,300	24,559,100
Expenditure by Secretary of State	18,799,648	18,807,700	19,802,900
" " High Commissioner	4,387,189	4,720,600	4,756,200
Total	23,186,837	23,528,300	24,559,100

Expenditure in England not charged on the Revenue of the year :—

Expenditure.	Accounts, 1925-26.	Revised Estimate, 1926-27.	Budget, 1927-28.
	£	£	£
Capital outlay on State Railways	10,118,747*	11,218,900†	9,047,000
New Capital at Delhi	26,336	22,700	34,200
Posts and Telegraphs	100,292	86,100	76,100
Indo-European Telegraph Dept.	10,163	11,500	12,000
Vizagapatam Port	78,586	95,000	25,000
Security Printing Press	34,675	8,600	—
Currency	—	600	43,300
Total	10,368,799	11,443,400	9,237,600
Expenditure by Secretary of State	6,773,080	8,077,500	4,516,400
" " High Commissioner	3,595,719	3,365,900	4,721,200
Total	10,368,799	11,443,400	9,237,600

* Including £2,575,000 Capital Stock of the Great Indian Peninsula Railway Company paid off on termination of the Company's contract during the year.

† Including £3,000,000, the purchase price of the Delhi-Umballa-Kalka Railway.

APPENDIX II. (*b*).

RAILWAYS.

(*i*). *Route Mileage and Traffic (including railways outside Government accounts).*

Length of railways open in India on 31st March, 1925	38,269·78 miles
Additional mileage opened in 1925-26	340·76 "
Length of railways open in India on 31st March, 1926, after allowing for corrections due to realignments, etc.	38,579·48 "

		1924-25.	1925-26.
Number of passengers carried		576,345,400	599,034,800
Earnings from passengers carried	*Rs.*	38,75,45,000	39,45,90,000
Weight of goods traffic in tons		77,796,000	79,617,000
Earnings from goods tonnage	*Rs.*	66,44,68,000	64,41,13,000

(*ii*). *Capital at Charge and Net Revenue Receipts.*

Class and Name of Railway.	Capital at Charge on 31st March, 1926.	Net Revenue Receipts, 1925–26.	Percentage of Net Revenue Receipts on Capital at Charge.
Commercial Lines.			
State Railways worked by the State :—	*Rs.*	*Rs.*	%
Aden	14,97,003	−63,559	−4·24
Central Indian Coalfields	1,23,70,707	—	—
Delhi New Capital Railway Works	80,50,387	—	—
East Indian	1,10,92,85,026	7,69,39,440	6·93
Rishikesh Road	8,26,216	—	—
Eastern Bengal	42,70,95,762	1,69,69,364	3·97
Great Indian Peninsula	89,99,62,442	4,11,87,117	4·57
North-Western	79,33,42,402	4,82,23,495	6·07
Kangra Valley	5,34,291	—	—
Shahdara Narowal	6,05,876	—	—
Amritsar Narowal	18,521	—	—
State Railways worked by Companies or by Indian States :			
Assam-Bengal	18,91,63,541	75,58,402	3·99
Furkaling Badulipur Jorhat	12,47,080	—	—
Sibsagar Road Khowang	21,76,805	—	—
Karimganj Lungai Valley	946	—	—
Bengal Nagpur	66,58,90,366	3,14,63,096	4·72
Bezwada Extension	17,10,790	5,15,259	30·11
Bombay, Baroda and Central India (including Dholka Dhanduka)	59,77,87,215	4,74,05,192	7·93
Jambusar Kavi	1,06,360	—	—
Burma (including Extension)	28,23,14,968	2,19,04,392	7·75
Jodhpur Hyderbad	58,08,533	6,45,908	11·12
Lucknow-Bareilly (Rohilkhund and Kumaon)	1,56,44,239	9,58,560	12·51
Madras and Southern Mahratta	44,61,39,048	3,42,24,650	7·67
Dhone Kurnool	10,17,742	—	—
South Indian	22,75,14,403	2,27,61,158	9·05
Coonoor Ootacamund	51,12,285		
Tinnevelly Quilon (British Section)	51,28,023		
Tinnevelly Quilon (Indian State Section)	1,36,56,637		
Tinnevelly Tituchandur	—	—	—
South-Behar	67,59,081	—	—
Tirhoot (Bengal and North-Western Railway)	8,88,60,847	95,82,513	10·78
Contribution to Depreciation Fund on account of Company-Worked lines	—	−68,64,087	—
	5,80,96,27,542	35,44,10,900	6·10
Abandoned projects and other miscellaneous items	2,67,78,972	—	—
Total—Commercial Lines	5,83,64,06,514	35,44,10,900	6·07
Strategic Lines.			
North-Western	23,61,13,811	−16,06,996	−·68
Tank Kaur Khirgi	37,36,320	—	—
Frontier Railway Reserve	79,74,643	—	—
Nushki Extension	3,45,92,770	—	—
Khyber	2,70,71,449	—	—
Total—Strategic Lines	30,94,88,993	−16,06,996	−·51
Grand Total	6,14,58,95,507	35,28,03,904*	5·74

* Differs from figure of "Working Profit" shown in table on page 14, which takes into account "Miscellaneous Receipts" and "Payments on account of Surplus Profits."

APPENDIX II. (*c*).

SEA-BORNE TRADE.

(*i*). *Summary of Sea-borne Trade.*

—	1924-25.	1925-26.	1926-27.
On Private Account.			
	Rs.	*Rs.*	*Rs.*
Exports of Merchandise	3,98,17,44,498	3,85,32,69,476	3,09,45,57,331
Imports of Merchandise	*2,46,62,53,831*	*2,26,17,56,673*	*2,31,40,66,344*
Net Exports of Merchandise	1,51,54,90,667	1,59,15,12,803	78,04,90,987
Net Imports of Gold	*73,92,65,866*	*34,85,45,874*	*19,40,05,448*
Net Imports of Silver	*20,05,71,586*	*17,15,20,912*	*19,76,65,278*
Net Imports or Exports *of Currency Notes*	*28,04,663*	12,03,433	*14,39,874*
Net Imports of Treasure	*94,26,42,115*	*51,88,63,353*	*39,31,10,600*
Net Exports of Merchandise and Treasure on Private Account.	57,28,48,552	1,07,26,49,450	38,73,80,387
Government Transactions.			
Imports of Merchandise	*6,73,82,777*	*9,82,34,634*	*9,59,76,127*
Exports of Merchandise	2,06,83,033	1,48,52,366	1,60,48,457
Net Imports of Merchandise	*4,66,99,744*	*8,33,82,268*	*7,99,27,670*
Net Imports of Gold	—	—	—
Net Imports or Exports *of Silver*	*1,69,080*	2,79,762	*10 15,057*
Net Imports or Exports *of Currency Notes*	25,07,600	20,97,679	9,18,488
Net Imports or Exports *of Treasure*	23,38,520	23,77,441	*96,569*

(*ii*). *Sea-borne Trade—Analysis of* Imports *of Merchandise showing the principal articles separately.*

—	1924-25.	1925-26.	1926-27.
A. *On Private Account.*			
I. Food, Drink and Tobacco :—	*Rs.*	*Rs.*	*Rs.*
A. Fish (excluding canned fish)	31,26,899	37,72,483	38,66,131
B. Fruits and Vegetables	1,59,46,321	1,57,00,510	1,61,76,496
C. Grain, Pulse and Flour	10,41,247	65,77,470	91,68,868
D. Liquors	2,82,94,207	2,79,69,828	2,93,11,233
E. Provisions and Oilman's Stores	3,91,76,911	4,64,74,492	5,50,48,611
F. Spices	2,66,00,334	3,28,01,294	3,12,28,564
G. Sugar	20,90,23,769	15,83,35,904	19,16,50,530
H. Tea	62,82,935	60,29,778	66,71,716
I. Other Food and Drink	1,56,55,537	1,18,57,949	1,48,04,542
J. Tobacco	1,97,88,393	2,13,35,543	2,56,10,669
Total, Class I.	36,49,35,553	33,08,55,251	38,35,37,360
II. Raw Materials and Produce and articles mainly unmanufactured :—			
A. Coal	1,19,73,515	88,16,648	31,39,336
B. Other Non-metallic mining and quarry products and the like	1,59,58,198	1,71,97,786	1,63,62,873
C. Fodder, Bran and Pollards	36,064	1,25,199	1,56,408
D. Gums, Resins and Lac	34,67,203	26,73,776	38,69,741
E. Hides and Skins, raw or undressed	14,74,060	17,33,219	21,96,364
F. Metallic Ores and Scrap Iron or Steel for remanufacture	1,58,506	3,00,822	5,83,219
G. Oils—Vegetable, Mineral and Animal	9,69,49,025	10,60,16,380	9,18,78,486
H. Oilcakes of all kinds	13,580	7,033	7,151
I. Paper making materials	22,08,836	25,85,060	34,99,451
J. Rubber, raw or crude	1,08,695	1,22,417	41,730
K. Seeds, including nuts for oils	9,53,324	16,67,898	9,54,271
L. Tallow, Stearine and Wax	29,82,425	30,68,747	33,47,111
M. Cotton, raw and waste	4,24,73,347	3,64,53,449	5,03,38,704
N. Jute, raw	89,828	95,800	5,534
O. Silk, raw and waste	1,20,95,248	94,40,040	1,14,61,225
P. Wool, raw	78,93,506	43,35,602	31,98,070
Q. Other Textile Materials	7,71,264	14,85,922	9,48,063
R. Wood and Timber	40,83,026	51,94,227	58,90,952
S. Miscellaneous	65,46,992	72,78,775	71,53 284
Total, Class II.	21,02,36,642	20,85 98,800	20,50,31,973

(*ii*). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately*—continued.

——	1924-25.	1925-26.	1926-27.
A. *On Private Account (continued).*			
III. Articles wholly or mainly manufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Apparel	1,83,65,781	2,06,01,505	2,34,99,966
B. Arms, Ammunition and Military Stores	91,80,936	89,70,275	68,88,013
C. Chemicals, Drugs and Medicines	4,19,40,218	4,19,46,156	4,88,43,809
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	6,75,19,526	7,15,64,064	7,33,70,081
E. Dyes and Colours	4,21,87,479	3,19,00,699	3,67,03,557
F. Electrical Goods and Apparatus (other than Machinery)	1,97.16,299	2,25,10,346	2,51,88,053
G. Furniture, Cabinetware and Manufactures of Wood and Timber	33,36,475	35,70,737	44,76,633
H. Glassware and Earthenware	3,35,39,876	3,36,54,100	3,36,20,347
I. Hides and Skins, tanned or dressed, and Leather	54,76,499	53,69,094	59,72,829
J. Machinery of all kinds, including Belting for Machinery	15,88,92,415	15,86,72,681	14,59,58,246
K. Metals, Iron and Steel, and Manufactures thereof	19,28,73,687	18,06,05,340	16,72,89,014
L. Metals, other than Iron and Steel, and Manufactures thereof.	7,37,42,934	7,28,38,733	7,06,34,704
M. Paper, Pasteboard and Stationery	3,85,05,480	3,69,95,951	3,90,16,464
N. Railway Plant and Rolling Stock	5,71,16,098	4,99,54,183	3,26,24,494
O. Rubber Manufactures	1,54,97,429	2,16,49,611	2,10,53,794
P. Vehicles (excluding Locomotives, etc., for Railway)	4,41,90,972	5,74,89,206	6,39,93,148
Q. Cotton Yarns and Manufactures	82,32,51,509	65,66,72,935	65,14,63,976
R. Jute „ „	27,74,730	50,08,311	40,31,388
S. Silk „ „	3,71,19,455	2,80,29,923	3,45,09,584
T. Woollen „ „	3,56,47,709	4,23,60,776	4,14,38,132
U. Other Yarns and Textile Fabrics	3,76,78,048	3,64,39,124	5,71,05,728
V. Miscellaneous	9,66,58,653	9,71,63,646	9,64,25,650
Total, Class III.	1,85,52,12,158	1,68,39,67,396	1,68,41,07,610
IV. Living Animals.—			
A. Horses	28,19,554	31,67,368	39,05,702
B. Other Living Animals	2,15,024	2,89,038	2,79,203
Total, Class IV.	30,34,578	34,56,406	41,84,905
V. Postal Articles not specified	3,28,33,900	3,48,78,820	3,72,04,498
Total value of Imports of Merchandise on Private Account	2,46,62,53,831	2,26,17,56,673	2,31,40,66,344
B. *Government Stores*	6,73,82,777	9,82,34,634	9,59,76,127
Grand Total, Imports of Merchandise	2,53,36,36,608	2,35,99,91,307	2,41,00,42,471

(*iii*). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately.*

——	1924-25.	1925-26.	1926-27.
INDIAN MERCHANDISE.			
A. *On Private Account.*	*Rs.*	*Rs.*	*Rs.*
I. Food, Drink and Tobacco :—			
A. Fish (excluding Canned Fish)	72,32,485	76,43,584	75,37,978
B. Fruits and Vegetables	71,65,692	83,46,053	89,88,557
C. Grain, Pulse and Flour	65,06,03,639	48,03,39,206	39,24,89,596
D. Liquors	6,505	79,157	4,104
E. Provisions and Oilman's Stores	58,87,401	63,78,592	59,82,219
F. Spices	1,06,74,737	1,76,27,933	1,55,96,550
G. Sugar	52,49,017	8,19,682	6,91,550
H. Tea	33,39,24,211	27,12,17,240	29,04,77,717
I. Other Food and Drink	2,09,24,587	1,87,31,574	1,35,63,498
J. Tobacco	1,25,03,894	1,11,40,017	1,04,16,226
Total, Class I.	1,05,41,72,148	82,23,23,038	74,57,46,995

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

—	1924-25.	1925-26.	1926-27.
INDIAN MERCHANDISE—*cont.*			
A. *On Private Account.*			
II. Raw materials and produce and articles mainly unmanufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Coal	37,15,695	34,59,241	80,91,664
B. Other Non-Metallic mining and quarry products and the like	1,04,55,333	1,06,49,126	1,11,00,411
C. Fodder, Bran and Pollards	1,58,85,891	1,28,57,559	1,06,24,663
D. Gums, Resins and Lac	7,63,12,990	7,04,13,229	5,61,50,807
E. Hides and Skins, raw or undressed	6,77,41,366	7,23,38,263	7,17,54,693
F. Metallic Ores and Scrap Iron or Steel for remanufacture	2,18,96,676	2,43,97,633	2,46,69,705
G. Oils—Vegetable, Mineral and Animal	3,44,09,928	1,79,26,694	95,71,284
H. Oilcakes of all kinds	2,19,99,605	2,10,61,650	2,52,75,612
I. Paper-making Materials	55,561	2,14,984	1,12,878
J. Rubber, raw or crude	1,42,94,317	2,94,09,876	2,60,14,317
K. Seeds, including nuts for oils	33,16,84,566	29,63,67,727	19,08,77,178
L. Tallow, Stearine and Wax	11,34,787	10,68,836	14,00,179
M. Cotton, raw and waste	91,72,16,153	95,65,20,410	59,14,18,849
N. Jute ,, ,,	29,09,30,435	37,94,57,313	26,78,04,139
O. Silk ,, ,,	38,06,868	35,74,799	32,39,518
P. Wool ,, ,,	5,07,03,429	3,79,88,245	3,93,14,109
Q. Other Textile Materials	1,73,32,674	1,59,17,557	83,20,545
R. Wood and Timber	1,38,64,191	1,93,61,974	1,60,12,958
S. Miscellaneous	2,73,14,300	2,68,37,120	2,49,78,426
Total, Class II.	1,92,07,54,765	1,99,98,22,236	1,38,67,31,935
III. Articles wholly or mainly manufactured :—			
A. Apparel	34,08,167	27,52,305	25,58,779
B. Arms, Ammunition and Military Stores	325	500	1,165
C. Chemicals, Drugs and Medicines	2,14,65,705	2,56,05,969	2,65,82,061
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	15,20,501	20,86,411	22,70,771
E. Dyes and Colours	1,38,61,282	1,37,98,793	1,25,00,115
F. Electrical Goods and Apparatus (other than Machinery)	—	—	—
G. Furniture, Cabinetware, and manufactures of wood and timber	7,38,166	6,11,971	6,38,275
H. Glass and Earthenware	3,01,570	2,71,519	2,49,307
I. Hides and Skins, tanned or dressed, and Leather	7,28,87,243	7,10,20,580	7,50,02,368
J. Machinery of all kinds, including belting for machinery	1,25,166	74,000	95,347
K. Metals, Iron and Steel, and manufactures thereof	2,19,92,468	1,77,48,641	1,41,27,732
L. Metals, other than Iron and Steel, and manufactures thereof	2,80,02,404	3,07,36,716	3,32,88,241
M. Paper, Pasteboard and Stationery	1,21,461	1,12,485	1,26,456
N. Railway Plant and Rolling Stock	3,46,945	2,77,675	1,45,593
O. Rubber manufactures	9,676	20,004	1,04,291
P. Vehicles (excluding locomotives, etc., for Railways)	59,840	42,663	27,527
Q. Cotton, yarns and manufactures	11,27,47,895	9,64,85,053	10,74,85,517
R. Jute ,, ,, ,,	51,77,66,438	58,83,98,259	53,18,08,673
S. Silk ,, ,, ,,	2,94,801	3,01,238	2,68,497
T. Woollen ,, ,, ,,	1,14,28,612	79,59,276	75,13,093
U. Other yarns and textile fabrics	5,32,843	8,34,310	9,85,891
V. Miscellaneous articles, wholly or mainly manufactured	3,46,61,997	3,65,57,331	3,74,00,094
Total, Class III.	84,21,73,505	89,56,95,699	85,31,79,798
IV. Living Animals :—			
A. Horses	75,910	52,050	36,280
B. Cattle	8,37,480	9,17,086	12,33,549
C. Sheep and Goats	18,22,674	22,13,437	22,26,517
D. Other living animals	4,05,913	2,79,486	3,35,949
Total, Class IV.	31,41,977	34,62,059	38,32,295

(*iii*). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

—	1924-25.	1925-26.	1926-27.
INDIAN MERCHANDISE (*contd.*).			
A. Private Account.			
Class V. Postal Articles	*Rs.* 2,64,10,691	*Rs.* 2,71,18,168	*Rs.* 2,49,68,754
Total Value of Exports of Indian Merchandise on private account	3,84,66,53,086	3,74,84,21,200	3,01,44,59,772
B. *Government Stores*, Exports of Indian Merchandise	1,53,64,647	1,20,79,339	1,31,38,961
Total Exports of Indian Merchandise	3,86,20,17,733	3,76,05,00,539	3,02,75,98,733
C. *Re-exports*—On Private Account ..	13,50,91,412	10,48,48,276	8,00,97,559
Government Stores ..	53,18,386	27,73,027	29,09,496
Total re-exports	14,04,09,798	10,76,21,303	8,30,07,055
Grand Total, Exports of Merchandise	4,00,24,27,531	3,86,81,21,842	3,11,06,05,788

(*iv*). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin.*

Note.—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1924-25.	1925-26.	1926-27.
British Empire :—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	1,33,45,15,962	1,15,32,02,107	1,10,58,12,651
Aden and Dependencies	57,39,395	42,74,173	51,96,968
Mesopotamia	88,36,282	76,71,451	70,04,098
Ceylon	1,35,54,996	1,69,10,510	1,37,35,008
Straits Settlements (including Labuan)	4,85,59,386	5,65,98,291	5,83,16,261
Hong Kong	1,13,40,057	84,39,984	90,81,869
Union of South Africa	59,15,883	41,93,942	31,83,423
Mauritius and Dependencies (including Seychelles)	3,67,08,834	54,90,801	1,17,653
Zanzibar and Pemba	61,32,337	61,67,586	35,18,932
Kenya Colony	3,71,05,963	3,45,26,594	2,20,07,781
Canada	99,01,600	1,30,41,295	1,62,46,583
Australia	75,82,185	1,44,19,346	1,69,42,804
New Zealand	13,79,070	93,193	54,555
Other British Possessions	76,11,336	1,22,77,183	94,82,518
Total—British Empire	1,53,48,83,286	1,33,73,06,456	1,27,07,01,104

(iv). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin*—continued.

NOTE—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1924-25.	1925-26.	1926-27.
Foreign Countries :—	*Rs.*	*Rs.*	*Rs.*
Russia	58,174	19,873	22,89,603
Sweden	1,19,54,650	1,43,38,235	1,33,47,426
Norway	65,25,828	58,60,507	71,49,600
Germany	15,46,85,810	13,30,78,704	16,91,55,959
Netherlands	2,97,82,144	3,69,24,514	4,65,31,678
Belgium	6,76,06,421	6,13,06,047	6,79,99,229
France	2,58,55,391	3,23,87,751	3,57,76,822
Spain	15,48,574	16,77,615	21,23,161
Switzerland	1,81,41,523	1,56,69,603	2,19,42,606
Italy	3,83,95,499	4,25,67,226	6,14,98,210
Austria	69,24,104	80,74,814	1,10,84,429
Hungary	35,39,556	43,01,329	60,86,338
Czechoslovakia	1,14,37,642	1,45,87,479	1,66,66,804
Arabia	55,29,835	54,24,477	44,66,644
Persia	2,23,24,588	2,14,92,358	2,00,14,338
Java	15,46,30,517	14,03,78,729	14,33,08,008
Borneo (Dutch)	78,74,834	66,43,296	92,44,994
Siam	30,23,395	10,87,525	12,64,312
China (exclusive of Hongkong and Macáo)	2,76,70,938	2,60,67,493	3,58,33,878
Japan	17,12,07,468	18,19,00,392	16,48,95,332
Egypt	64,29,380	40,92,503	42,10,661
Portuguese East Africa	33,46,910	33,18,196	9,20,375
Italian East Africa	10,79,970	9,52,811	12,06,942
United States of America	14,07,02,996	15,07,35,184	18,31,57,720
Other Foreign Countries	1,11,05,578	1,15,63,556	1,31,90,171
Total Foreign Countries	93,13,81,725	92,44,50,217	1,04,33,65,240
Grand Total	2,46,62,53,831	2,26,17,56,673	2,31,40,66,344

(v). *Sea-borne Trade—Analysis of* Exports *of Indian Merchandise on Private Account, showing separately the principal countries of destination.*

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1924-25.	1925-26.	1926-27.
British Empire:—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	97,54,32,584	77,72,27,431	63,77,40,714
Aden and Dependencies	1,50,07,235	1,45,31,135	1,49,38,274
Mesopotamia	2,56,45,653	2,76,47,211	2,13,66,805
Ceylon	13,60,28,824	14,68,58,019	14,45,20,444
Straits Settlements (including Labuan)	8,03,18,855	9,81,40,828	9,31,32,714
Hong Kong	3,35,54,268	2,85,29,681	2,93,79,543
Union of South Africa	2,61,33,139	2,81,90,020	2,37,47,853
Mauritius and Dependencies (including Seychelles)	1,90,64,526	1,88,11,340	1,69,89,002
Zanzibar and Pemba	60,11,705	70,90,203	76,78,735
Kenya Colony	1,04,32,535	1,02,73,025	97,75,931
Canada	2,22,94,802	2,12,33,441	2,05,08,063
British West India Islands	58,91,266	51,77,414	51,70,723
Australia and New Zealand	7,88,42,016	8,59,13,507	8,75,94,247
Other British Possessions	2,64,50,239	2,79,08,679	3,26,62,953
Total—British Empire	1,46,11,07,647	1,29,75,31,934	1,14,52,06,001

(v). *Sea-borne Trade—Analysis of Exports of Indian Merchandise on Private Account, showing separately the principal countries of destination*—continued.

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1924–25.	1925–26.	1926–27.
Foreign Countries :—	*Rs.*	*Rs.*	*Rs.*
Russia	12,34,262	19,43,691	9,12,783
Sweden	35,35,652	34,68,776	25,18,015
Norway	59,45,577	42,96,420	31,99,137
Germany	27,98,71,853	26,72,38,451	20,23,97,783
Holland	7,99,06,916	7,60,18,741	5,91,19,810
Belgium	15,35,24,855	12,34,47,376	8,80,81,835
France	20,75,34,008	21,10,97,992	13,79,03,668
Spain	5,81,66,077	4,77,97,328	2,73,94,910
Switzerland	50,057	10,15,146	64,369
Italy	23,19,00,722	18,98,21,312	11,10,08,108
Austria	34,04,455	25,66,060	25,78,800
Turkey, European	24,99,414	34,74,848	24,89,237
,, Asiatic	14,77,698	15,13,914	21,84,820
Arabia	4,52,67,002	1,78,03,191	1,80,82,727
Persia	2,59,68,519	2,35,64,972	2,49,59,178
Sumatra	1,32,55,152	1,35,26,707	1,43,91,248
Borneo and Java	2,92,28,816	4,85,53,651	3,04,18,395
Siam	1,74,62,792	1,75,72,557	1,68,80,763
Indo-China	1,78,85,581	2,31,68,606	1,92,53,952
China (exclusive of Hong-Kong and Macao)	9,56,46,926	15,43,97,395	11,21,45,359
Japan	55,14,54,141	56,65,79,649	41,00,87,961
Egypt	6,18,05,992	4,74,57,877	4,97,42,298
Portuguese East Africa	1,14,33,149	1,25,69,243	1,24,39,925
Italian East Africa	12,44,718	18,01,733	14,53,325
Other East African Ports	17,64,413	14,01,416	13,78,611
United States of America	34,23,14,121	39,49,34,165	33,69,11,084
West Indies	5,14,46,822	5,33,55,274	4,35,88,158
South America	8,26,57,228	9,97,03,774	9,47,63,870
Other Foreign Countries	3,26,41,521	4,02,99,085	4,35,03,647
Total—Foreign Countries	2,38,55,45,439	2,45,08,89,266	1,86,92,53,774
Grand Total	3,84,66,53,086	3,71,84,21,200	3,01,44,59,772

Printed by H.M.S.O. Press, Harrow.

26 DEC. 1928

EAST INDIA
ACCOUNTS & ESTIMATES
1928-1929
EXPLANATORY MEMORANDUM
By the Under-Secretary of State for India

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1928.

Price 9*d.* Net.

Cmd. 3206.

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MEMORANDUM

BY THE

UNDER-SECRETARY OF STATE FOR INDIA

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA (Central Government) for 1926-27 and the ESTIMATES for 1927-28 and 1928-29.

I.—INTRODUCTORY.

Separation of Central and Provincial Finances.

The Government of India Act, 1919, was designed *inter alia* to secure a greater measure of independence for Provincial Governments, and to this end provision was made, in the Act and in Rules subsequently published under authority of the Act, for the delimitation of the functions of Government as between the Government of India and the chief Provincial Governments, and for the definite assignment to each of these Provincial Governments of specific revenues of their own. Effect has been given to these measures of devolution in the nine "Governor's Provinces" viz.: Madras, Bombay, Bengal, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces, Assam and Burma, and in the Province of Coorg. As regards these provinces the functions of Government have been classified as either "central subjects" or "provincial subjects." A general authority to control all matters coming under the latter head, subject to certain expressed provisos, is devolved upon the Local Governments concerned.

The sources of revenue available to Local Governments for the purpose of defraying their administrative charges consist, in the main, of the receipts from those provincial subjects which are revenue-producing, the principal heads being Land Revenue, Irrigation, Stamp Duties and Excise. In addition, a local Government is given a small share in any expansion of Income Tax (otherwise a "central" source of revenue) that may be due to an increase of the total assessed incomes within the Province over that of 1920–21.

When the division of the sources of revenue was made between the Central and Provincial Governments, it was realized that the Central Government would be left insufficiently provided. It was therefore arranged that an annual contribution should be made by eight of the local Governments to the Central Government. The annual contributions fixed at the outset aggregated 983 lakhs of rupees. They were not, except in case of emergency and with the sanction of the Secretary of State, to be subject to increase and, should reduction of the aggregate be found possible, reductions were to be made in fixed proportions from the quotas of the several Provinces. The general policy pursued has involved a progressive reduction of the provincial contributions with a view to their ultimate cessation. The Budget for 1928–29 provides for the remission of those portions of the contributions which had not been permanently remitted at the close of the previous year.

The revised financial arrangements outlined above came into force from the 1st April, 1921, as from which date all "provincial" revenue and expenditure ceased to be included in the estimates and accounts of the Central Government. In the case of Coorg the separation was made on 1st April, 1924. The annual volumes of the "Finance and Revenue Accounts of the Government of India,"

(33359) Wt. 8385/743 625 10/28 Harrow G.4/43

commencing with that for 1921–22, exhibit separately the revenue and expenditure of the Central Government and of each of the Provincial Governments. The Central Government and each Provincial Government issues annually a separate volume containing its own budget estimate for the forthcoming year and, in most cases, a revised estimate for the closing year. This Memorandum, however, deals with the Accounts and Estimates of the Central Government only, except where otherwise stated.

Separation of Railway Finance from General Finance.

In accordance with a Resolution passed in the Legislative Assembly in September, 1924, Railway Finance has been separated from the general finances of Government with effect from the year 1924–25.

Exchange Accounting.

The Government of India's accounts are now kept in rupees. From 1st April, 1920 to 31st March 1927, sterling transactions were, for the purpose of the Accounts and Estimates, converted into rupees on a uniform basis of 2*s*. to the rupee, equivalent to Rs.10 to the £. The actual market value of the rupee, however, has varied considerably from that rate. As a result, the rupee figure shown in the accounts for the period mentioned for any item of English expenditure (as converted at Rs.10 to the £) does not correctly represent the actual charge incurred in making that expenditure. For instance, when a disbursement of £1,000 was made in England, the amount shown in rupees in the accounts as a disbursement in England is Rs.10,000. But, at the rate of 1s. 6d. to the rupee, the rate assumed for budget purposes in the last few years, a disbursement of £1,000 represented a real charge of Rs.13,333. The balance of Rs.3,333 was treated as a disbursement on account of "exchange." The procedure by which this was effected is described in the following paragraph.

All exchange credits or debits arising in respect of remittances and cognate transactions, owing to the remittances, etc., having been effected at rates differing from the conventional "conversion rate" were recorded in the first instance under a suspense head. The exchange credits or debits arising from outlay incurred in England in respect of the various heads of the revenue and capital accounts were included in the respective accounts, being calculated monthly on the basis of the average telegraphic transfer rates (Calcutta on London); and those relating to Provincial Governments were charged against those Governments. The suspense head of account referred to above was then reduced by the totals of these exchange adjustments arising from outlay in England; and it was considered with reference to the circumstances of each year whether the resulting balance should be written off to revenue or kept in suspense against the possibility of opposite results in succeeding years.

The procedure outlined above will be reconsidered as a result of the fixation of exchange at 1s. 6d. the rupee with effect from 1st April, 1927, but, apart from assuming 1s. 6d. as the rate for converting English expenditure for accounting purposes in lieu of the old 2s. rate, the old procedure has been maintained for the purpose of the present estimates.

Rates of Exchange for the three years under review.—The average of the daily rates (telegraphic transfer, Calcutta on London) for 1926–27 was Rs.13·4063 to the £. The respective rates assumed for the purpose of compiling the Estimates have been:—

For the Budget Estimate of 1927–28, Rs. 13·3333 to the £ (1s. 6d. to the rupee).

For the Revised Estimate of 1927–28, Rs.13·3798 to the £ (1s. $5\frac{15}{16}$d. to the rupee).

For the Budget Estimate of 1928–29, Rs.13·3333 to the £ (1s. 6d. to the rupee).

II.—REVENUE, AND EXPENDITURE CHARGED TO REVENUE.

Gross Revenue and Expenditure.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follows:—

Gross Revenue and Expenditure.	Accounts, 1926–27.	Revised Estimate, 1927–28.	Budget, 1928–29.
	Rs.	Rs.	Rs.
Revenue	1,31,69,99,799	1,27,73,98,000	1,29,64,75,000
Expenditure	1,31,69,99,799	1,27,73,98,000	1,29,59,69,000
Surplus	—	—	5,06,000

The circumstances in which the revenue and expenditure of 1926–27 and 1927–28 are equated are indicated on page 8.

In these figures all receipts are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies, are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure.

The figures of Gross Revenue just given include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges, the total receipts from the sale of opium, and the receipts of certain spending departments; while the figures of Gross Expenditure include the interest charges of commercial undertakings, and the cost of cultivation and manufacture of opium. This method of compilation may cause the revenue available for administrative purposes and the expenditure on such purposes to appear greater than they really are. A statement of the net revenue and expenditure of the Central Government for the three years under review is therefore given in the table below, which shows the *net* revenue derived from commercial undertakings, after deducting all expenditure including interest charges, and *net* figures under other heads of revenue and expenditure obtained by deducting (1) the cost of cultivation and manufacture of opium from sale receipts, and (2) the receipts of the spending departments from the gross expenditure incurred by them. The cost of the establishments maintained for the collection of revenue other than opium is not shown as a deduction from revenue, but as a separate head of expenditure.

Net Revenue.

	Accounts, 1926-27.		Budget Estimate, 1927-28.		Revised Estimate, 1927-28.		Budget Estimate, 1928-29.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Principal Heads of Revenue* :—								
1. Customs ..	47,38,10,721		48,73,37,000		48,63,50,000		50,18,37,000	
2. Taxes on Income ..	15,64,96,338		16,95,05,000		15,64,62,000		16,99,58,000	
3. Salt	6,69,81,053		7,00,00,000		6,75,42,000		7,00,08,000	
4. Opium ..	3,32,69,463		2,92,49,000		2,91,18,000		2,66,28,000	
5. Other Heads..	2,17,50,148		2,27,06,000		2,27,64,000		2,20,10,000	
		75,23,07,723		77,87,97,000		76,22,36,000		79,04,41,000
II. *Commercial Undertakings* :—								
1. Railways ..	6,01,13,210		5,48,08,000		6,35,58,000		5,48,00,000	
2. Irrigation ..	*—5,24,860*		*—8,34,000*		9,55,000		*—10,74,000*	
3. Posts and Telegraphs ..	*—5,17,615*		*—26,54,000*		*—29,91,000*		*—24,29,000*	
		5,90,70,735		5,13,20,000		6,15,22,000		5,12,97,000
III. *Currency and Mint*								
1. Currency ..	3,46,25,314		1,73,54,000		1,71,92,000		1,73,50,000	
2. Mint	*—7,11,159*		31,000		9,56,000		5,68,000	
		3,39,14,155		1,73,85,000		1,81,48,000		1,79,18,000
IV. *Provincial Contributions and Adjustments*		5,13,22,555		—		7,12,000		—
V. *Miscellaneous Civil Receipts* ..		18,14,451		11,96,000		14,63,000		25,74,000
VI. *Extraordinary Items* ..		*—2,39,11,050*		1,80,65,000		1,65,92,000		22,17,000
Total Net Revenue ..		87,45,18,569		86,67,63,000		86,06,73,000		86,44,47,000

Net Expenditure

	Accounts, 1926–27.		Budget Estimate, 1927–28.		Revised Estimate, 1927–28.		Budget Estimate, 1928–29.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Debt Services* ..		12,65,90,387		12,58,21,000		12,27,33,000		11,98,64,000
II. *Military Services* :—								
1. Army ..	52,17,34,175		50,44,35,000		50,21,14,000		50,81,96,000	
2. Marine ..	49,51,593		68,00,000		65,91,000		68,43,000	
3. Military Engineer Services	3,30,10,057		3,79,65,000		4,04,95,000		3,59,61,000	
		55,96,95,825		54,92,00,000		54,92,00,000		55,10,00,000
III. *Collection of Revenue*		3,19,50,875		3,39,71,000		3,30,91,000		3,43,35,000
IV. *Civil Administration*		10,27,38,768		10,47,18,000		10,32,82,000		10,68,13,000
V. *Miscellaneous Civil Charges* ..		3,54,28,960		3,62,21,000		3,59,88,000		3,53,98,000
VI. *Civil Works* ..		1,73,95,369		1,49,53,000		1,46,92,000		1,58,90,000
VII. *Salt and other Capital Outlay charged to Revenue* ..		7,18,385		18,79,000		16,87,000		6,41,000
Total Net Expenditure charged against Revenue		87,45,18,569		86,67,63,000		86,06,73,000		86,39,41,000
Surplus		* —		* —		* —		5,06,000

For explanation of equated revenue and expenditure in the accounts of 1926–27 and the estimates of 1927–28, *see* page 8.

Accounts, 1926–27.

The equation of revenue and expenditure in 1926–27 is due to a debit under the head of Extraordinary Items of the net surplus of Rs.2,95,63,311, transferred to the Revenue Reserve Fund, mainly to provide in the following year for the total remission in that year of the balance of the provincial contributions.

Revised Estimate, 1927–28.

The revised Estimate for 1927–28 is balanced by transferring to Revenue Rs.1,68,73,000 from the Revenue Reserve Fund to enable the remission of the balance of the provincial contributions to be effected in that year.

The principal variations from the Budget figures are shown below and explanations of the main differences are given under their respective heads in Appendix I (*see* page 22).

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Railways	87,50,000	Taxes on Income ..	1,30,43,000
Irrigation	17,89,000	Salt	24,58,000
Mint	9,25,000	Extraordinary Items	14,73,000
Provincial Contributions and Adjustments	7,12,000	Customs	9,87,000
		Other Heads ..	6,30,000
Other Heads	3,25,000		
Total	1,25,01,000	Total	1,85,91,000

Net decrease Rs. 60,90,000.

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
		Debt Services ..	30,88,000
		Civil Administration	14,36,000
		Collection of Revenue	8,80,000
		Other Heads ..	6,86,000
Total	—	Total	60,90,000

Net decrease Rs. 60,90,000.

Budget, 1928–29.

The Government of India's budget estimates for 1928–29 showed a recurring surplus of Rs.263 lakhs. Of this amount it is proposed to utilise Rs.258 lakhs to extinguish completely the balance of the Provincial contributions, leaving an estimated revenue surplus of Rs.5,06,000.

No change has been made in the rates of Salt duty, Postage, Income Tax and Super-Tax; and the interest on securities in the Paper Currency Reserve and the surplus of the Gold Standard Reserve over £40,000,000 will, as in previous years, be credited to revenue.

The following reductions were made by the Legislative Assembly in the course of the voting of the demands for grants for 1928–29 :—

Expenditure charged to Revenue.

Demand.	*Rs.*
Customs	1
Executive Council	80,999
Army Department	5,70,999
Central Board of Revenue	10
Miscellaneous	3,40,200
North West Frontier Province ...	200
Expenditure in England :—	
Secretary of State for India ...	13,44,999

Of these, the Governor General in Council has, under section 67A(7) of the Government of India Act, decided, as essential to the discharge of his responsibilities, to restore the following amounts :—

Demand.	*Rs.*
Executive Council	80,999
Army Department	5,70,999
Miscellaneous	3,40,000
Expenditure in England :—	
Secretary of State	13,44,999

In the Budget, as finally passed, the Net Revenue and Expenditure were estimated as follows :—

	Rs.
Net Revenue	...86,44,47,000
Net Expenditure	...86,39,41,000
Surplus	5,06,000

As compared with the Revised Estimate for 1927–28, these figures show an increase of Rs.37,74,000 in net revenue and Rs. 32,68,000 in net expenditure.

The increases and decreases in the Budget as compared with the Revised Estimate for 1927–28 in detail are as follows :—

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Customs	1,54,87,000	Extraordinary Items	1,43,75,000
Taxes on Income ..	1,34,96,000	Railways	87,58,000
Salt	24,66,000	Opium	24,90,000
Miscellaneous Civil Receipts	11,11,000	Irrigation	20,29,000
Posts and Telegraphs	5,62,000	Provincial Contributions and Adjustments	7,12,000
		Other Heads.. ..	9,84,000
Total	3,31,22,000	Total ..	2,93,48,000

Net increase Rs. 37,74,000

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Civil Administration	35,31,000	Debt Services ..	28,69,000
Military Services ..	18,00,000	Salt and Other Capital Outlay charged to Revenue	10,46,000
Collection of Revenue	12,44,000	Miscellaneous Civil Charges	5,90,000
Civil Works	11,98,000		
Total	77,73,000	Total ..	45,05,000

Net increase Rs. 32,68,000

Notes on the Heads under which the principal variations occur will be found in Appendix I. (*See* page 22).

III.—BURDEN OF TAXATION.

	Accounts, 1926–27.	Budget Estimate, 1927–28.	Budget Estimate, 1928–29.
	Lakhs of Rs.	*Lakhs of Rs.*	*Lakhs of Rs.*
Customs	47,28·31	48,62·24	50,07·74
Taxes on Income	15,98·29	17,25·79	17,35·58
Salt	6,31·63	6,61·76	6,60·60
Excise	19,50·89	19,37·07	19,41·13
Stamps	13,19·62	13,61·67	13,73·90
Registration	1,45·70	1,48·42	1,45·79
Scheduled Taxes	36·46	42·04	44·37
Total (excluding Land Revenue) ..	104,10·90	107,38·99	109,09·11
Land Revenue	34,60·23	35,28·32	35,63·31
Total (including Land Revenue) ..	138,71·13	142,67·31	144,72·42
The payment per head, on the assumption that the whole of the taxation is paid by the inhabitants of British India, is :—			
	Rs.	*Rs.*	*Rs.*
(i) exclusive of Land Revenue..	4·091	4.199	4·244
(ii) inclusive of Land Revenue..	5·450	5.578	5·630

The above figures include both Central and Provincial revenue.

For the purpose of calculating the payment per head, the figures of population have been based on the Census of 1921 (247,003,293), an annual increase of population at the rate of one-half per cent. being assumed.

IV.—DEBT TRANSACTIONS AND CAPITAL EXPENDITURE.

Debt Transactions.

1927-28.

On 29th July, 1927, £5,000,000 Six Months' India Bills were issued in London. The applications amounted to £7,600,000. Tenders at £97 14s. 9d. received about 60 per cent. and above in full. The average rate at which allotment was made was £4 9s. 9·33d. The Bills were repaid from part of the proceeds of an issue of stock in January 1928, mentioned below.

In July, 1927, the Government of India floated a 4 per cent. loan in India repayable in 1934–37. It was issued at a cash price of 94½ per cent. and provided also for subscriptions in 1927 and 1928 bonds, the convertors of which were to receive a cash bonus of Rs.6¼ and Rs.12, respectively, for each Rs.100 (nominal) of Bonds converted. The loan was to be closed to subscriptions in cash and 1927 Bonds when the amount so subscribed approximated Rs.24 crores, but in any case not later than 30th July, up to which date subscriptions in the form of 1928 Bonds could be made without limit. The amounts subscribed were:

	Lakhs of rupees.
Cash	8,21·1
6 per cent. Bonds, 1927	7,20·4
5½ per cent. War Bonds, 1928	4,12·3
Total nominal value	19,53·8

In January, 1928, £7,500,000 India 4½ per cent. Sterling Stock, 1958–1968, was issued in London at £91½ per cent. to provide funds for capital expenditure on railways in India and to repay the India Bills issued in July, 1927. The loan opened for subscription on the 16th January and, being oversubscribed, was closed the same day.

Treasury Bills were sold to the public in India from 9th August, 1927 to 12th June 1928 in the form of six and three months' bills. The amount outstanding with the public on 31st March 1928 was Rs.7,59¾ lakhs; in addition Rs.31,93·8 lakhs were held in the Paper Currency Reserve.

The Permanent Debt in India was decreased by Rs.2·14 crores as a result of the conversion or repayment on maturity of Bonds exceeding the amount of the new rupee loan. The balance of the floating debt showed a net decrease due to the withdrawal of Rs.9½ crores of Treasury Bills from the Currency Reserve, partly counteracted by issues of Treasury Bills to the public.

The Sterling Debt was increased by £4·9 million resulting from the issue of £7,500,000 Sterling Stock, partly set off by £537,600 of the British War Loan liability taken over by India redeemed within the year and the utilization of £1·6 million for Railway Sinking Funds and part repayment of the capital portion of the Railway Annuities.

The net receipt from Post Office Cash Certificates was Rs.402 lakhs.

///

1928–29.

The Budget provides for a capital outlay of Rs.24 crores on the construction of State Railways; Rs.68 lakhs on Posts and Telegraphs; Rs.47½ lakhs on Vizagapatam Port; Rs. 2 crores on Bombay Land Scheme; Rs. 35 lakhs in respect of the commuted value of pensions, and Rs. 78⅔ lakhs on the new Capital at Delhi; for the discharge in India of

Rs.16,25,00,000 5½ per cent. War Bonds, 1928 and

Rs.25,30,000 loans which were not presented for repayment on maturity;

and in England of:—

£3,000,000 in repayment of the share capital of the Burma Railways Company on the transfer of the management of the line to Government on 31st December, 1928;

£1,442,100 for part capital redemption of the railway annuities created in purchase of railways;

£564,300 redemption of liabilities assumed in respect of British 5 per cent. War Loan, 1929–47; and

£200,000 for the statutory sinking funds established in connection with the purchase of the East Indian, Eastern Bengal, and the Scinde Punjab and Delhi Railways.

The Budget does not provide for the issue of a Sterling Loan, but it assumes the receipt from a Rupee Loan in India of Rs.32 crores, and net receipts of Rs.8½ crores and Rs.3¼ crores from Savings Bank deposits and Post Office Cash Certificates, respectively.

The Rupee Loan was opened on the 7th August, 1928 in India and in London. It took the form of (i) a 4½ per cent. Loan, repayable in 1955–60, issued at a cash price of Rs.94 per cent., and (ii) 4½ per cent. Bonds at Rs.97½ per cent. repayable on 1st September, 1934. Both forms of the Loan provided for subscription in cash, Indian Treasury Bills and Indian 5½ per cent. War Bonds, 1928. Subscriptions in the form of War Bonds were to

be accepted at their full maturity value, i.e. Rs.105 per cent. plus the interest due on the War Bonds for the half-year ending 14th September, 1928. Indian Treasury Bills were to be accepted at their face value less discount at the rate of 2 per cent. per annum on the unexpired portion of the currency of the Bills, the tenderer paying in cash the amount required to make up an exact multiple of the issue price. Both issues of the Loan were to be closed as soon as the total subscriptions amounted to Rs.35 crores, nominal, and in any case not later than 18th August, 1928.

The loan remained open until the 18th August and was fully subscribed, the approximate figures of subscriptions being as follows:—

	Lakhs of rupees.
Cash	22,41
War Bonds, 1928	11,12
Indian Treasury Bills	1,50
Total	35,03

Applications were made for both forms of the issue as follows:—

Long term Loan, 1955–60	9,06
Short term Bonds, 1937	25,97
Total	35,03

The amount of the permanent and floating public debt of the Government of India (Central Government) outstanding is given in the following table. The figures include debt incurred on behalf of Provincial Governments, the debenture stocks of various railways taken over by the Secretary of State on the transfer of the lines, and the capital value of liabilities undergoing redemption by way of terminable railway annuities.

	In India‡	In England*
	Rs.	£
31st March, 1927..	415,91,11,246	339,086,453
31st March, 1928 (Revised Estimate) ..	413,23,60,246	344,395,519
31st March, 1929 (Budget Estimate) ..	428,71,58,246	342,117,719

‡Excludes Post Office Cash Certificates and includes Treasury bills.
*Includes liability for British Government 5 per cent. War Loan, 1929–47, taken over by India.

The classification of the public debt of the Government of India and Provincial Governments combined is given on page 16.

Railways.

On the 31st March, 1927, the length of railways in India open for traffic was 39,048 miles, of which 421 miles were opened in the preceding twelve months. The total route mileage under construction at the close of the year was 2,551 miles (*See also* App. II (*b*) (i), page 32).

The capital expenditure on railways shown in the Government Accounts for 1926–27 and Estimates for 1927–28 and 1928–29, is as follows:

	Accounts, 1926–27.	Revised Estimate, 1927–28.	Budget, 1928–29.
	Rs.	*Rs.*	*Rs.*
Outlay on lines worked by the State and by guaranteed companies:—			
(1) From funds provided by the State ..	29,85,92,689§	30,66,90,000	28,00,00,000†
(2) From funds raised through companies or provided from other sources ..	*—2,63,14,150*	*—66,90,000*	*—4,00,00,000*
	*27,22,78,539	30,00,00,000	24,00,00,000

* The figures in the above table have been arrived at after allowing for adjustment in respect of exchange.

§ Includes £3,000,000 paid to the Delhi-Umballa-Kalka Railway Company in purchase of their line.

† Includes £3,000,000 to be paid to the Burma Railway Company in repayment of their capital holding on transfer of the line to State management on 31 Dec., 1928.

In addition to the above figures, capital expenditure is incurred on branch lines from funds deposited by Branch line Companies or advanced by the Government.

The following table shows the capital outlay on all State lines up to the end of the year and the net return obtained. (*See* also Appendix II (*b*) (ii) page 33):—

	Accounts, 1926–27.	Revised Estimate, 1927–28.	Budget, 1928–29.
Capital at charge at end of each year (Central Government)	*Rs.* 6,41,81,55,317	*Rs.* 6,71,81,55,317	*Rs.* 6,99,81,55,317
Working profit from railways excluding interest charges ..	33,36,36,079	38,52,28,000	37,98,00,000
Percentage of same to capital at charge ..	5·20%	5·73%	5·43%
Final working profit after meeting interest charges	*Rs.* 7,49.66,198	*Rs.* 11,08,84,000	*Rs.* 8,98,30,000
Percentage of same to capital at charge ..	1·17%	1·65%	1·28%

Posts and Telegraphs.

In the Budget for 1928–29 provision has been made of Rs.68·02 lakhs for capital outlay not charged to revenue on the Indian Postal and Telegraph Department. The corresponding figures for 1927–28 were:—Budget Estimate, Rs.58·02 lakhs; Revised Estimate, Rs.57·56 lakhs.

Expenditure on the New Capital at Delhi.

The capital expenditure incurred, or estimated to be incurred, during the three financial years under review, on permanent works at Delhi, is as follows:—

	Rs.
1926–27 (Accounts)	61,63,117
1927–28 (Revised Estimate)	54,00,000
1928–29 (Budget Estimate)	78,68,000

The total actual capital expenditure incurred up to 31st March, 1927, was Rs.12,59,68,410.

Other Capital Expenditure.

Provision has also been made for the following items of expenditure of the Central Government charged outside the Revenue account:—

	Accounts, 1926–27.	Revised Estimate. 1927–28.	Budget, 1928–29.
	Rs.	*Rs.*	*Rs.*
Construction of Irrigation works	—70,632	16,93,000	1,74,000
Capital Outlay on Vizagapatam Port	31,86,465	37,61,000	47,53,000
Payment of commuted value of pensions ..	28,85,222	35,52,000	34,85,000
Capital outlay on Security Printing	16,49,855	*—9,79,000*	67,000
Capital outlay on Posts and Telegraphs ..	32,59,130	57,56,000	68,02,000
Capital outlay on Currency Note Printing Press	8,66.401	18,08,000	17,000
Capital Outlay on Bombay Land Scheme ..	31,65,91,522	32,97,55,000	34,40,68,000

Classification of Public Debt.

Immediately prior to 1921–22 the debt of India was classified as (1) Railway Debt, (2) Irrigation Debt, (3) Initial Expenditure on the New Capital at Delhi, (4) Bombay Development Scheme, (5) Ordinary Debt, and (6) Treasury Bills and Short-term loans.

In the table below items (3) and (4) are included under Ordinary Debt.

With effect from 1921–22, the classification has been re-cast, and is now as follows:—

(1) Debt debited to Railways, Posts and Telegraphs, Irrigation, Forests, Salt, Vizagapatam Port, the Punjab Hydro Electric Scheme and other Government Commercial Undertakings.

(2) Ordinary debt, and

(3) Floating Debt.

The portion of the Public Debt shown as incurred for Commercial Departments is determined with reference to the actual capital outlay in those departments provided from Government resources, irrespective of whether it has been financed by loans raised by Government or otherwise, *e.g.*, by appropriations from revenue,* deposits or miscellaneous funds. The funds devoted to capital expenditure in any year normally exceed the money raised by loan for the purpose. When this is the case, the adoption of the method explained above for calculating the amount of debt utilised for Commercial Departments results in the increase of the amount of this category of debt and affords *pro tanto* relief to the ordinary (or unproductive) debt, corresponding roughly to the extent to which funds raised otherwise than by borrowing are devoted to capital outlay on commercial undertakings. The operation is reversed in any year in which, owing to unfavourable financial conditions, funds obtained by loans are used in the ordinary disbursements of Government.

In the following table, which includes the public debt of the Central and the Provincial Governments, the sterling and rupee debts of India have been combined at the rate of Rs. 10=£1.†

	31/3/21.	31/3/22	31/3/23.	31/3/24.
Debt debited to Commercial Departments:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Railways	3,77,45,54,938	3,99,67,52,477	4,18,74,34,019	4,39,17,70,551
Irrigation	68,77,12,546	78,00,79,612	81,26,69,476	85,80,79,254
Posts and Telegraphs		15,23,64,560	15,89,26,566	16,64,48,126
Forests		3,09,239	8,73,542	14,75,175
Ordinary Debt	31,74,49,724	30,91,44,589	80,06,23,706	96,34,31,714
‡Floating Debt	1,04,93,10,000	1,11,85,70,000	71,23,90,000	51,77,20,000
Total	5,82,90,27,208	6,35,72,20,477	6,67,29,17,309	6,89,89,24,820

	31/3/25.	31/3/26.	31/3/27.	31/3/28.†
Debt debited to Commercial Departments:—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Railways	5,40,31,07,055	5,67,87,38,014	5,97,67,87,249	6,69,10,89,000
Irrigation	89,89,08,175	96,03,95,537	1,04,30,25,798	1,10,56,20,000
Posts and Telegraphs	17,82,04,007	12,86,53,744	13,37,74,679	14,10,48,000
Forests	31,84,651	69,10,698	1,06,70,058	1,41,01,000
Salt	73,91,575	81,09,619	85,46,816	85,90,000
Vizagapatam Port		64,76,753	96,57,093	1,25,44,000
Punjab Hydro-Electric Scheme		5,45,391	26,92,708	56,79,000
Other Government Commercial undertakings	1,85,406	2,77,878	1,70,82,636	1,79,39,000
Ordinary Debt	77,82,43,785	47,50,99,645	9,69,17,649	48,16,80,000
‡Floating Debt	49,65,40,000	49,65,15,000	41,47,15,000	39,53,55,000
Total	7,76,57,64,684	7,73,17,22,279	7,71,38,69,686	8,87,36,45,000

* As regards Budget provision for reduction or avoidance of debt see page 29.

† Figures for 31/3/28 are provisional; the sterling and rupee debt have been combined in this year at Rs. 13⅓ = £1.

‡ The floating debt includes the Treasury Bills held on account of the Paper Currency Reserve.

Miscellaneous Liabilities and Assets.

Apart from debt items dealt with in the foregoing pages there are other obligations of Government. Those classified as Unfunded Debt are interest bearing obligations relating to funds deposited with Government for various purposes; they include Service Funds, Savings Bank deposits and Post Office Cash Certificates, &c., amounting on 31st March, 1928, to Rs. 119 crores. Other deposits with Government include Departmental, Judicial and Local Fund deposits.

On the 31st March 1928, also, the Government of India had lent Rs. 140 crores (net) to the Provincial Loans Fund, Indian States, Public Bodies and private persons. Other assets of the Central Government included £40,000,000 in the Gold Standard Reserve, consisting of gold in London, sterling securities and cash; the cash balances in India, Rs.9·2 crores; and the Treasury balances in England, £5,627,743.*

* The figures in the final sentence are actuals, and hence differ from the "Revised Estimate" figures in the following statement.

V.—GENERAL STATEMENT OF THE RECEIPTS AND DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

The following table shows the opening balances, receipts, disbursements and closing balances, estimated or actual, of the Government of India in 1926–27, 1927–28, and 1928–29.

	Accounts, 1926-27.	Budget, 1927-28.	Revised Estimate, 1927-28.	Budget, 1928-29.
	Rs.	Rs.	Rs.	Rs.
Opening Balance, India	25,14,88,041	24,73,44,041	27,87,75,069	12,73,48,069
Opening Balance, England	(a)15,04,63,055	(a) 5,24,32,055	(b) 4,31,13,307	(b)8,07,11,307
Total Opening Balance	40,19,51,096	29,97,76,096	32,18,88,376	20,80,59,376
RECEIPTS—				
Revenue Surplus	—	// —	—	5,06,000
Capital Contributions by Railway Companies and Indian States towards construction of State Railways	59,275	2,58,92,000	—	2,03,80,000
Permanent Debt (net incurred)	3,31,65,705	7,22,41,000	4,45,25,000	12,86,09,000
Unfunded Debt (net incurred)	12,72,14,115	11,63,39,000	11,60,52,000	11,74,84,000
Deposits and Advances (net)	19,40,79,240	3,14,87,000	9,98,79,000	7,08,43,000
Railway Depreciation and Reserve Funds	4,32,46,602	4,11,58,000	5,42,26,000	6,45,30,000
Remittances (net)	1,21,88,516	—	6,45,000	26,53,000
Balances of Provincial Governments (net)	—	—	—	—
Total Receipts	40,99,53,453	28,71,17,000	31,53,27,000	40,50,05,000
Total	81,19,04,549	58,68,93,096	63,72,15,376	61,30,64,376
DISBURSEMENTS—	Rs.	Rs.	Rs.	Rs.
Capital Outlay on Security Printing	16,49,855	12,000	*—9,79,000*	67,000
Construction of State Railways	27,22,78,539	25,00,00,000	30,00,00,000	24,00,00,000
Discharge of Debentures	2,63,73,425	3,31,86,000	66,90,000	2,03,80,000
Redemption of liabilities involved in the purchase of Railways	—	—	—	4,00,00,000
Capital Outlay on Indian Postal and Telegraph Department	32,59,130	58,02,000	57,56,000	68,02,000
Construction of Irrigation Works	*—70,632*	16,000	16,93,000	1,74,000
Capital outlay on Vizagapatam Port	31,86,465	39,43,000	37,61,000	47,53,000
Payment of Commuted Value of Pensions	28,85,222	33,35,000	35,52,000	34,85,000
Initial Expenditure on new Capital at Delhi	61,63,117	70,00,000	54,00,000	78,68,000
Capital Outlay on Bombay Land Scheme	—	—	20,74,000	2,05,22,000
Capital Outlay on Currency Note Printing Press	8,66,401	19,23,000	18,08,000	17,000
Floating Debt (net Discharged)	8,18,00,000	—	53,20,000	—
Loans and Advances by Central Government (net Advances)	5,88,76,626	3,03,02,000	7,58,04,000	8,16,92,000
Remittances (net)	—	14,95,000	—	—
Balances of Provincial Governments (net)	4,35,26,354	5,18,92,000	1,82,77,000	*13,05,000*
Total Disbursements	50,07,94,502	38,89,06,000	42,91,56,000	42,70,65,000
Closing Balance	31,11,10,047	19,79,87,096	20,80,59,376	18,59,99,376
Total	81,19,04,549	58,68,93,096	63,72,15,376	61,30,64,376
DISTRIBUTION OF CLOSING BALANCE—				
Closing Balance, India	27,87,75,069	14,79,00,041	12,73,48,069	11,98,78,069
Closing Balance, England	(b)3,23,34,978	(a)5,00,87,055	(b)8,07,11,307	(b)6,61,21,307

(a) Of this amount, Rs. 8,249 represents the funds of the Gold Standard Reserve.
(b) Of this amount, Rs. 2,440 represents the funds of the Gold Standard Reserve.

VI.—GOLD STANDARD RESERVE.

In accordance with the recommendation made by Sir Henry Fowler's Committee, it was decided that, with effect from 1st April, 1900, the net profit from the coinage of rupees should not be treated as Revenue, but should be held as a special reserve, now called the Gold Standard Reserve.

The principal objects for which the Reserve is maintained are (1) to provide funds from which the Secretary of State for India can finance his requirements at times when remittance of funds from India through the usual market channels cannot conveniently be arranged, and (2) to furnish resources against which, in normal times, sterling drafts may, if necessity arises, be sold by the Government of India to remitters in India, with a view to preventing a depreciation of the exchange. The earlier history of the Reserve is described in the Explanatory Memorandum for 1922–23. [Command Paper 1766 of 1922.]

In 1921–22 and 1922–23 the assets of the Gold Standard Reserve in excess of £40,000,000, on the basis of current market prices, were appropriated in reduction of the outstanding fiduciary currency; but from 1923–24, the corresponding assets have been appropriated to revenue.

Statistics, etc., regarding the Gold Standard Reserve.

The total receipts from profit on coinage, interest and discount, and profit by exchange up to 31st March, 1928, were as follows:—

	£
Profits on Coinage—from 1900–01	28,573,606
Interest and discount	25,026,475
Profit by exchange	194,917
	53,794,998

Of this sum, £1,123,655 has been used for capital expenditure on railways; the remainder, out of which £2,866,217 has been transferred to the Paper Currency Reserve in reduction of created Rupee securities and £8,305,674 has been transferred to Revenue, has been credited to the Reserve. The following table shows the disposal of the sums paid to the Reserve up to 31st March, 1928, and the composition of the Reserve on that date:—

Summary of transactions.

	£	£
Profits on Coinage paid to Gold Standard Reserve—		
Total Profits realized since 1st April, 1900	28,573,606	
Deduct amount used for Capital Expenditure on Railways ..	*1,123,655*	
		27,449,951
Interest and discount received up to 31st March, 1928	25,026,475	
Profit by exchange ..	194,917	
Profit through appreciation	473,465	
		25,694,857
Profits and Interest paid to Reserve from 1st April, 1900, to 31st March, 1928		53,144,808
Deduct—		
Loss on Sale, Redemption, and Conversion of Securities ..	*1,952,343*	
Transferred to Paper Currency Reserve in reduction of created securities	*2,866,217*	
Transferred to Revenue	*8,305,674*	
Miscellaneous Charges	*20,574*	
		13,144,808
Amount of Reserve on 31st March, 1928 ..		£40,000,000

State of Reserve, 31st March, 1928.

	£	£
Sterling Securities held in England (estimated value):		
National War Loan		962,582
Treasury Bonds		25,961,125
Treasury Bills		10,919,981
		37,843,638
Gold deposited at Bank of England		2,152,334
Cash held in England		4,028
		£40,000,000

The net profit on the Gold Standard Reserve Investments up to 31st March, 1928, is shown below :—

	£	£
Estimated value of securities on 31st March, 1928		37,843,638
Cost price of securities held on 31st March, 1928		37,370,173
Gain through Appreciation		473,465
Loss on sale and redemption of securities ...		1,952,343
Net Loss		1,478,878
Miscellaneous charges		20,574
Total of losses and charges		1,499,452
Interest and Discount received up to 31st March, 1928	25,026,475	
Profit by exchange	194,917	
		25,221,392
Net profit on investments		23,721,940

VII.—EXCHANGE AND REMITTANCE.

The sales in London by the Secretary of State of Bills and Transfers on India, the purchases of sterling in India by the Government of India and the purchases by the Secretary of State of proceeds of loans raised in London by Indian public bodies during the last ten years, have been as follows :—

Year.	Sale of Bills and Transfers on India by the Secretary of State.	Purchases of Sterling by the Govt. of India.	Purchases by the Secretary of State of proceeds of Loans raised in London by Indian public bodies.	Total.	Average Rate of Exchange per Rupee.
	£	£	£	£	s. d.
1918–19..	22,539,438*	—	—	22,539,438	1 5·499
1919–20..	27,524,437†	—	—	27,524,437	1 10·643
1920–21..	nil	—	—	nil	—
1921–22..	nil	—	—	nil	—
1922–23..	2,570,026	70,000	2,126,210	4,766,236	1 4·200
1923–24..	8,738,705	13,100,000	1,302,959	23,141,664	1 4·632
1924–25..	7,579,162	33,191,000	700,000	41,470,162	1 5·661
1925–26..	—	46,316,500	—	46,316,500	1 6·152
1926–27..	—	2,115,000	—	2,115,000	1 6·019
1927–28..	—	28,325,000	—	28,325,000	1 5·997

* In addition, £3,372,617 Council Bills were sold to Exchange Banks under special conditions at the rate of 1s. 4·16d.

† In addition, £3,701,782 Council Bills were sold to Exchange Banks under special conditions at the rate of 1s. 4·52d.

The sales by the Government of India of immediate and deferred telegraphic transfers on London during the last ten years have been as follows :—

1918–19 .. £5,315,000 Transfers at average rate of 1s. 5$\frac{31}{32}$d. the rupee for immediates and 1s. 6$\frac{1}{32}$d. for deferreds.

1919–20 .. £24,544,000 Transfers at average rate of 2s. 7·986d. the rupee for immediates and 2s. 6·009d. for deferreds.

1920–21 .. £30,988,000 Transfers at average rate of 2*s*. 2·102*d*. the rupee for immediates and 2*s*. 2·038*d*. for deferreds.
1921–22 .. *Nil.*
1922–23 .. *Nil.*
1923–24 .. *Nil.*
1924–25 .. *Nil.*
1925–26 .. *Nil.*
1926–27 .. £1,425,000 Immediate Transfers at an average rate of 1*s*. 5¾*d*.
1927–28 .. *Nil.*

VIII.—SEA-BORNE TRADE.

The figures of Exports from, and Imports into, India during 1925–26, 1926–27 and 1927–28, are given in Appendix II (c) on pages 34 to 39.

WINTERTON.

India Office,
24th September, 1928.

APPENDIX I.

NOTES ON CERTAIN HEADS OF NET REVENUE AND EXPENDITURE.

NET REVENUE.

Customs.

	Rs.
Accounts, 1926-27	47,38,10,721
Budget, 1927-28	48,73,37,000
Revised Estimate, 1927-28	48,63,50,000
Budget, 1928-29	50,18,37,000

The net receipts from Customs in 1927-28 are expected to be only Rs.10 lakhs less than originally estimated. The largest increases in revenue as compared with the Budget were under the heads jute, Rs.55 lakhs, mineral oils, Rs.38 lakhs, tobacco, Rs.37 lakhs and protective duties on iron and steel, Rs.25 lakhs. Decreases occurred principally under cotton piece-goods, Rs.70 lakhs, matches, Rs.40 lakhs, and mill stores and machinery Rs.45 lakhs, the loss in the latter case being due to the abolition of the import duties since 1st October 1927 under the Indian Tariff (Amendment) Act. The re-establishment of the land customs line between Kathiawar and British India has led to an appreciable rise in the revenue from silk manufactures and land customs and has prevented any fall in the revenue under sugar.

The Budget estimate for 1928-29 exceeds the revised estimate for 1927-28 by about Rs.155 lakhs. An allowance estimated at Rs.40 lakhs has been made for the abolition of the import duties on mill-stores and machinery referred to above.

Increases are expected under sugar, Rs. 40 lakhs, cotton piece-goods, Rs.30 lakhs, and motor-cars and cycles, Rs.26 lakhs. Under most other heads a normal increase is expected.

Details of the receipts under the respective items are given in the table on pages 91 to 93 of the Indian Budget for 1928-29 (H.C. 103 of 1928).

Taxes on Income.

—	Accounts, 1926-27.	Budget, 1927-28.	Revised Estimate, 1927-28.	Budget, 1928-29.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Income Tax	12,88,73,544	13,68,31,000	13,08,06,000	13,92,47,000
Super Tax	4,65,49,594	4,99,49,000	4,43,39,000	4,90,75,000
Excess Profits Duty	17,770	1,000	1,000	1,000
Miscellaneous Receipts	—	—	17,000	17,000
TOTAL TAXES ON INCOME	17,54,40,908	18,67,81,000	17,51,63,000	18,83,40,000
Deduct Refunds	*1,56,12,132*	*1,42,02,000*	*1,52,11,000*	*1,47,82,000*
TOTAL REVENUE	15,98,28,776	17,25,79,000	15,99,52,000	17,35,58,000
Deduct Share of Provincial Governments under Devolution Rules	*33,32,438*	*30,74,000*	*34,90,000*	*36,00,000*
Revenue of Central Government	15,64,96,338	16,95,05,000	15,64,62,000	16,99,58,000

The revised estimate for 1927–28 falls short of the Budget estimate for that year by Rs. 130 lakhs, due almost entirely to an over-estimate, in the Budget, of the profits of the jute trade in Bengal, which province alone is responsible for a deterioration of Rs. 86 lakhs under income-tax and Rs. 48 lakhs under super-tax revenue.

The Budget estimate for 1928–29 approximates to the Budget figure for 1927–28. The jute trade has latterly been doing well, and the substitution of tax-subject for tax-free Government of India securities in accordance with recent loan operations and the full effect of the altered assessment of tea companies introduced in 1927–28 are both expected to increase the revenue.

Salt.	*Rs.*
Accounts, 1926–27	6,69,81,053
Budget, 1927–28	7,00,00,000
Revised Estimate, 1927–28	6,75,42,000
Budget, 1928–29	7,00,08,000

The revised estimate for 1927–28 is less than the Budget figure for that year by Rs. 25 lakhs, as cash receipts have lagged behind the salt issues. It is expected that this will be made good in 1928–29 the Budget for which has accordingly been taken again at Rs. 7 crores.

Opium.

—	Accounts, 1926-27.	Budget, 1927-28.	Revised Estimate, 1927-28.	Budget, 1928-29.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Receipts—*Less* Refunds	4,33,13,748	3,83,08,000	3,80,22,000	3,47,77,000
Charges	*1,00,44,285*	*90,59,000*	*89,04,000*	*81,49,000*
Net revenue	3,32,69,463	2,92,49,000	2,91,18,000	2,66,28,000

The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries and from the sale to Provincial Governments of excise opium for internal consumption in India. The entire quantity is now exported under the system of direct sales to Foreign and Colonial governments, the system of auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from 7th April, 1926. In no case are exports permitted without an import certificate by the Government of the country of import as prescribed by the League of Nations.

It has been decided to reduce the total of the opium exported since the calendar year 1926 by 10 per cent. annually in each subsequent year until exports are totally extinguished at the end of 1935.

Excise opium is sold to Provincial Governments for internal consumption in India at a fixed price based on the cost of production. This opium is retailed to licensed vendors at rates fixed by

the Provincial Governments and varying from Province to Province.

Exports of provision opium in 1927–28 were expected to total 7,125 chests, but will be reduced to 6,300 chests in 1928–29 under the arrangement mentioned above. This accounts for the fall of Rs. 32 lakhs in the Budget estimate in 1928–29. Simultaneously, however, there will be a reduction of Rs. 7 lakhs in the payments to cultivators etc., thus reducing the net loss under this head next year to Rs. 25 lakhs.

Railways.

	Accounts, 1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
REVENUE.			
State Railways—	Rs.	Rs.	Rs.
(1) Commercial Lines :—			
Gross Receipts	97,50,52,536	1,02,20,35,000	1,01,65,40,000
Deduct —			
Working Expenses	*62,53,00,497*	*62,61,31,000*	*62,61,78,000*
Surplus Profits paid to Indian States and Railway Companies	*1,65,55,739*	*1,58,00,000*	*1,82,00,000*
Net Receipts	33,31,96,300	38,01,04,000	37,21,62,000
(2) Strategic Lines :—			
Gross Receipts	1,53,45,101	1,54,65,000	1,59,60,000
Deduct :—			
Working Expenses	*1,86,71,543*	*1,85,49,000*	*1,87,22,000*
Net Receipts	*—33,26,442*	*—30,84,000*	*—27,62,000*
Total Net Receipts—Commercial and Strategic Lines	32,98,69,858	37,70,20,000	36,94,00,000
Subsidized Companies : Government Share of Surplus Profits	39,71,604	37,70,000	46,80,000
Interest on Depreciation and Reserve Funds	63,91,750	82,30,000	1,04,20,000
Other receipts	4,75,175	5,00,000	5,00,000
Transferred from Reserve to Revenue to meet in full the contribution to General Revenues	—	—	—
Total Revenue	34,07,08,387	38,95,20,000	38,50,00,000
EXPENDITURE.			
Interest Charges :—			
(1) Commercial Lines	24,55,34,822	26,08,11,000	27,59,70,000
(2) Strategic Lines	1,31,35,059	1,35,33,000	1,40,00,000
Total Interest Charges	25,86,69,881	27,43,44,000	28,99,70,000
Other Expenditure	70,72,308	42,92,000	52,00,000
Transferred to Reserve Fund	1,48,52,988	4,73,26,000	3,50,30,000
Total Expenditure	28,05,95,177	32,59,62,000	33,02,00,000
Total Payment from Railways to General Revenues	6,01,13,210	6,35,58,000	5,48,00,000
Comprising :—			
Contribution	6,01,13,210	5,48,95,000	5,22,85,000
One-third of Excess of Railway Surplus over three crores	—	86,63,000	25,15,000

In accordance with the resolution passed by the Legislative Assembly in September, 1924, railway finance was separated from the general finances of the Government of India with effect from 1924–25. After deducting all working expenses, including interest charges of commercial lines, the railways have now to make a contribution to general revenues equal to 1 per cent. on the capital at charge of the commercial lines in the penultimate year *plus* one-fifth of surplus profits in such penultimate year and one-third of the

amount remaining available for transfer to Railway reserves in excess of Rs. 3 crores, but from the amount of these contributions are deducted the interest on capital and loss in working of strategic lines.

The net payments due from the Railways to general revenues of the Central Government in 1926-27, 1927-28 and 1928-29, calculated in the manner explained above, are as follows:—

	Accounts, 1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
	Rs.	*Rs.*	*Rs.*
1 per cent. on Capital at charge, commercial lines	5,80,75,631	6,00,36,799	6,29,56,519
One-fifth of surplus profit	1,78,83,917	94,84,998	56,70,388
	7,59,59,548	6,95,21,797	6,86,26,907
Deduct Interest on capital and loss in working of strategic lines	*1,58,46,338*	*1,46,27,248*	*1,63,42,259*
Contribution	6,01,13,210	5,48,94,549	5,22,84,648
One-third of excess of railway surplus over 3 crores ..	—	86,63,000	25,15,000
Total payment to general revenues	6,01,13,210	6,35,57,549	5,47,99,648

The foregoing tables and the Net Revenue table on page 6 show that the net revenue of the Central Government from the Railways is as follows, viz.:—

1926-27, Accounts, Rs.6,01,13,210; 1927-28, Budget, Rs.5,48,08,000; 1927-28, Revised Estimate, Rs.6,35,58,000; and 1928-29, Budget, Rs.5,48,00,000.

The gains from Commercial lines in the same years are: 1926-27, Accounts, Rs.913 lakhs; 1927-28, Revised Estimate, Rs. 1,276 lakhs; and 1928-29, Budget, Rs.1064 lakhs.

The Railway Depreciation and Railway Reserve Funds are estimated to have closing balances on 31st March, 1929, of Rs.1222 lakhs and Rs.1951 lakhs, respectively.

Some substantial reductions in rates and fares are being made in 1928-29.

The Delhi-Umballa-Kalka Railway was purchased by the Secretary of State on 1st April, 1926, and the Burma Railways will be transferred to State management on termination of the Company's contract and repayment of their capital holding in the undertaking on 31st December, 1928.

Posts and Telegraphs.

—	Accounts, 1926–27.	Budget, 1927–28.	Revised Estimate, 1927–28.	Budget, 1928–29.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Indian Postal and Telegraph Department: Gross Receipts	10,53,03,984	10,79,83,000	10,94,34,000	11,38,86,000
Less Working Expenses	*9,90,70,033*	*10,24,08,000*	*10,44,24,000*	*10,79,22,000*
Interest on Debt	*52,08,989*	*56,51,000*	*54,68,000*	*59,41,000*
	10,42,79,022	*10,80,59,000*	*10,98,92,000*	*11,38,63,000*
Net Revenue	10,24,962	*—76,000*	*—4,58,000*	23,000
Capital Outlay charged to Revenue ..	17,62,466	20,00,000	18,30,000	17,00,000
Net Receipts *or Expenditure* ..	*—7,37,504*	*—20,76,000*	*—22,88,000*	*—16,77,000*
Indo European Telegraph Department :— Gross Receipts	38,96,077	36,62,000	35,15,000	31,51,000
Less Working Expenses	*30,65,451*	*34,30,000*	*33,49,000*	*33,78,000*
Interest on Debt	*5,16,464*	*5,29,000*	*5,03,000*	*5,21,000*
	35,81,915	*39,59,000*	*38,52,000*	*38,99,000*
Net Revenue	3,14,162	*—2,97,000*	*—3,37,000*	*—7,48,000*
Capital Outlay charged to Revenue ..	94,273	2,81,000	3,66,000	4,000
Net Receipts *or Expenditure* ..	2,19,889	*—5,78,000*	*—7,03,000*	*—7,52,000*

A commercial system of accounts has been introduced into both of these Departments with effect from 1925–26. The figures of " Net Revenue " shown in the above statement indicate the gain or loss on the working on a commercial basis.

In the Posts and Telegraphs Department, the comparatively large loss in 1927–28 is more than accounted for by the fact that it has been decided in accordance with the recommendations of an expert Committee, to write off certain unserviceable and obsolete stores and to write down to their current value certain over-valued but serviceable stores to the extent of Rs.2·43 lakhs and Rs.5·54 lakhs respectively in excess of the budget provision for the purpose. The estimate of working expenses for 1928–29 includes a special provision of Rs.14·18 lakhs for additional expenditure on further measures of improvement of the conditions of service of the lower-paid staff.

The Budget Estimate of the Indo-European Department shows a larger loss in 1928–29 owing to the fact that its earnings have fallen as a result of the competition of the radio system.

Currency.	*Rs.*
Accounts, 1926–27	3,46,25,314
Budget, 1927–28	1,73,54,000
Revised Estimate, 1927–28	1,71,92,000
Budget, 1928–29	1,73,50,000

The greater part of the net revenue receipts shown under Currency ordinarily arises from the interest on the securities in the Paper Currency Reserve, and in respect of loans to the Imperial Bank against inland bills of exchange. Under the Indian Paper Currency Act this interest was earmarked for reduction of created

securities in the Paper Currency Reserve. This provision has, however, been temporarily suspended since 1921–22 by legislation and the interest credited to revenue.

The expenditure in 1927–28 was swollen by the inclusion of Rs. 6 lakhs for a site for a new currency office at Lahore and by advance deliveries of currency note forms from England.

In 1928–29, the Currency Note Printing Press in India will have begun working, and in the Budget Rs. 4¾ lakhs expenditure is included for the erection of the new Electrolytic Silver Refinery at Bombay.

Provincial Contributions and Adjustments.

—	Accounts, 1926–27.	Budget, 1927–28.	Revised Estimate, 1927–28.	Budget, 1928–29.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Contributions	5,17,12,000	—	—	—
Miscellaneous adjustments (net receipts or net charges)..	*—3,89,445*	—	7,12,000	—
Total (net receipts)	5,13,22,555	—	7,12,000	—

Contributions.—It was provided by the Devolution Rules, made under Section 45A of the Government of India Act, that in the year 1921–22 contributions of specified amount, and in future years similar contributions or such smaller sums as might be determined by the Governor-General in Council, should be paid by the Local Governments to the Government of India. If for any year the total of the contributions was reduced, reductions should be made in respect of those Local Governments only whose last previous annual contribution should have exceeded the specified proportion of the smaller sum so determined as the total contribution, and any reduction so made should be proportionate to such excess.

The contributions in the first year of the reformed constitution aggregated Rs. 983 lakhs. This figure has been gradually reduced as the revenue position of the Central Government allowed. The Budget for 1928–29 provides for the final remission of the balance of the Contributions.

Adjustments.—The assignments formerly made by the Central Government to certain Provincial Governments in respect of customs duty on imported stores ceased with effect from 1927–28. The net revenue of Rs. 7·12 lakhs represents the difference between the recoveries from, and payments to, Provincial Governments in connection with the readjustment of the value of the stocks of non-postal stamps held on the 1st April 1921 and of later supplies from Home which had not been correctly charged at the time.

Extraordinary Receipts.

	Accounts 1926–27.	Budget 1927–28.	Revised Estimate 1927–28.	Budget 1928–29.
	Rs.	Rs.	Rs.	Rs.
Receipts	60,10,258	1,87,65,000	1,84,79,000	26,67,000
Payments	*2,99,21,308*	*7,00,000*	*18,87,000*	*4,50,000*
Net Receipts ..	*2,39,11,050*	1,80,65,000	1,65,92,000	22,17,000

The major revenue head of account " Extraordinary Receipts and Payments " was opened for the first time in 1923–24 to record special receipts and charges of a non-recurring character, which it was considered desirable to distinguish from the ordinary revenue and expenditure of Government.

The receipts in the Revised Estimate for 1927–28 are made up of a transfer of Rs. 168·73 lakhs from the Revenue Reserve Fund, which will be left with a credit balance of Rs. 126·90 lakhs at the end of the year, and Rs. 16 lakhs, being India's share of the Dawes annuities. The latter source accounts for the whole of the receipts in 1928–29. These annuities are being appropriated for the reduction or avoidance of debt.

The Revised Estimate for 1927–28 includes as expenditure two adjustments: (i) Rs. 8·91 lakhs on account of certain expenditure incurred in Persia during the war and (ii) Rs. 6·96 lakhs in respect of certain claims by His Majesty's Government for vessels requisitioned during the war for conveyance of commercial cargo.

Net Expenditure.

Debt Services.

	Accounts, 1926–27.	Budget, 1927–28.	Revised Estimate, 1927–28.	Budget 1928–29.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Gross payments for Interest on Debt ..	37,31,39,743	37,45,05,000	37,54,59,000	37,49,51,000
Deduct amounts chargeable to—				
Railways	*24,29,79,978*	*25,82,64,000*	*25,91,59,000*	*27,47,02,000*
Irrigation	*12,00,207*	*12,04,000*	*12,02,000*	*12,15,000*
Posts and Telegraphs	*58,40,848*	*62,77,000*	*61,23,000*	*66,14,000*
Other Heads	*9,33,133*	*13,80,000*	*16,61,000*	*20,79,000*
Provincial Loans Fund	*5,34,60,427*	*5,36,05,000*	*5,48,30,000*	*5,74,50,000*
Total Deductions	*30,44,14,593*	*32,07,30,000*	*32,29,75,000*	*34,20,60,000*
Interest on Ordinary Debt..	6,87,25,150	5,37,75,000	5,24,84,000	3,28,91,000
Interest on other Obligations*	4,90,08,506	5,24,79,000	5,26,63,000	6,21,84,000
Reduction or avoidance of Debt	4,97,16,016	5,11,80,000	5,06,36,000	5,39,86,000
Total	16,74,49,672	15,74,34,000	15,57,83,000	14,90,61,000
Interest Receipts on loans, &c., in India and England	*4,08,59,285*	*3,16,13,000*	*3,30,50,000*	*2,91,97,000*
Net Interest Payments (other than those chargeable to Commercial Departments and Provincial Loans Fund)	12,65,90,387	12,58,21,000	12,27,33,000	11,98,64,000

*The nature of these "other obligations" is explained on p. 17.

The Revised Estimate of receipts in India for 1927–28 includes Rs. 23·67 lakhs on account of un-earned discount on Treasury Bills in the Paper Currency Reserve which were cancelled before maturity. The entire amount of discount was debited to revenue under the Interest head when the bills were issued: at the time of cancellation, only that portion of the discount which was actually earned was taken as currency receipts and the balance re-credited to revenue under this head. The disappearance of this special item, partly counterbalanced by an increase in the interest on loans to the public, accounts for the fall in the Budget estimate for 1928–29.

In view of the magnitude of the transactions the variations in the Revised Estimate of interest payments for 1927–28 as compared with the Budget for that year are inappreciable. The discount on the rupee loan (Rs. 107½ lakhs) and that on the sterling loan (£637,500) have not been charged to revenue at once but will be provided for by the institution of separate discount sinking funds, so that the charge to revenue will be spread over the periods of currency of the loans.

The Budget Estimate for 1928–29 includes, over and above normal payments, Rs. 75 lakhs for the service of the loan to be raised during the year, Rs. 81·25 lakhs being the premium of 5 per cent. payable on the War Bonds, 1928, at maturity, and an additional provision of Rs. 25 lakhs for bonus on Cash Certificates in view of the probability of larger encashments. Nevertheless, the net total payments are expected to be about a crore of rupees less than in 1927–28.

Provincial Loans Fund.—A Provincial Loans Fund was established with effect from 1st April, 1925, to systematise the arrangements by which advances are made by the Central Government to the Provincial Goverments. Advances to the Provincial Governments, which were previously made direct to them by the Central Government, are now made from the Provincial Loans Fund, which receives advances from the Central Government. As regards advances to Provincial Governments sanctioned prior to the constitution of the Fund, the latter simply takes the place of the Government *vis-á-vis* the Provinces. The Fund is charged with interest on the basis of the cost of new borrowing to the Government of India from time to time.

Interest on other obligations.—This includes interest on Post Office Savings Bank balances, bonus on Post Office Cash Certificates, and interest on Reserve and Depreciation Funds, Provident Funds, and on Fixed Deposits of Provincial Governments.

Reduction or Avoidance of Debt.—With effect from 1925–26 a scheme was introduced, for five years, to stabilise the annual provision from revenue for the reduction or avoidance of debt at Rs. 4 crores *plus* a sum representing one-eightieth of the net amount of new debt contracted (up to the end of the previous year) since 31st March, 1923. In the Budget for 1928–29 the amount so provided was Rs. 513·19 lakhs. This forms part of the total provision of Rs. 539·86 crores, shown in the table on page 28 which includes also reparation receipts payable by Germany.

Military Services.

	Accounts, 1926-27.	Budget, 1927-28.	Revised Estimate, 1927-28.	Budget, 1928-29.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Army	52,17,34,175	50,44,35,000	50,21,14,000	50,81,96 000
Marine	49,51,593	68,00,000	65,91,000	68,43,000
Military Engineer Services	3,30,10,057	3,79,65,000	4,04,95,000	3,59,61,000
Total	55,96,95,825	54,92,00,000	54,92,00,000	55,10,00,000

Since 1921-22 substantial reductions have been effected in the expenditure on the Military services. The actual net expenditure as shown in the final accounts or as estimated, where the accounts are not yet closed, is indicated in the following statement:—

	Rs. Crores.
1921-22	69·81
1922-23	65·27
1923-24	56·23
1924-25	55·63
1925-26	56·00
1926-27	55·97
1927-28 (Revised Estimate)	54·92
1928-29 (Budget Estimate)	55·10

The accounts of years prior to 1923-24 were affected by abnormal conditions, such as operations on the North-West Frontier and in Waziristan, and have also been disorganised by miscellaneous adjustments of war expenditure, but from the year 1923-24, in which the recommendations of the Retrenchment Committee were carried out, the amounts may be taken as expressive of expenditure on a scale approaching that of a normal post-war establishment.

By making economies in certain directions, provision has been made in the Budget for 1928-29 for expenditure of Rs. 1 crore for the introduction of new measures for improving the efficiency of the Army and for bringing its equipment up to date.

Details of the Army charges, which form the most important part of the expenditure on Military services, are given on pages 120 and 121 of the Budget (Command Paper 103 of 1928).

Marine.—The expenditure on account of capital developments in connection with the reorganisation of the Royal Indian Marine to be met from Suspense funds (viz., sale proceeds of the Kidderpore Dockyard) has been taken at Rs. 1,50,000 in the Budget Estimate, 1927-28; Rs. 10,32,000 in the Revised Estimate, 1927-28; and Rs. 10,73,000 in the Budget Estimate, 1928-29.

Military Engineering Services.—The increase in net expenditure in the Revised Estimate for 1927-28 is nominal and is due mainly to the cost of building and electrification programme for troops in 1927-28 being fully met from savings under Army heads, the credit of Rs. 20 lakhs earmarked in the Budget Estimate for 1927-28 from the funds lying in deposit in the suspense account by accrual from sale of old or surplus buildings not being required.

On the other hand, these funds will be drawn on to the extent of Rs. 40½ lakhs in 1928-29 to meet the expenditure on the similar programme in that year.

APPENDIX II. (*a*).

HOME CHARGES.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1926-27.	Revised Estimate, 1927-28.	Budget, 1928-29.
	£	£	£
Direct demands on the Revenues :—			
Stores for India	2,878	3,400	5,400
Leave Allowances and Miscellaneous	99,889	54,200	53,000
Railway Revenue Account :—			
Interest	8,537,476	8,692,600	8,922,600
Government share of Surplus profits	*189,366*	*193,100*	*182,000*
Leave Allowances and Miscellaneous	420,923	407,500	408,600
Irrigation Revenue Account :—			
Leave Allowances	5,717	5,800	5,700
Posts and Telegraphs :—			
Indian Postal and Telegraph Department :			
Leave Allowances and Miscellaneous	54,508	52,600	52,300
Indo-European Telegraph Department	*148,090*	*103,600*	*79,800*
Debt Services :—			
Interest on Ordinary Debt (less interest realised from investment of Cash Balance)	4,182,383	4,251,800	4,160,500
Interest, Discount, etc., on Gold Standard Reserves credited to Revenue	*1,947,864*	*1,800,000*	*1,625,000*
Liability assumed in respect to British 5 per cent. War Loan, 1929-47 : Interest	915,991	890,400	863,700
Management of Debt	95,171	208,000	96,700
Interest on Other Obligations	8,187	8,300	9,700
Civil Administration :—			
Home Administration :—			
India Office : Salaries and Contingencies	211,368	217,900	220,100
High Commissioner's Office, Salaries and Contingencies	122,999	135,900	287,600
Audit Office : Salaries	15,587	16,200	16,500
Contribution by His Majesty's Treasury in respect of the Administrative Expenses of India Office.	*116,405*	*114,300*	*114,300*
Payments on account of Departments in India :—			
Stores for India	53,157	46,000	50,800
Leave Allowances and Miscellaneous	359,766	373,500	401,200
Currency and Mint :—			
Interest on Paper Currency Reserve Investments	*767,361*	*76,000*	*100,000*
Stores for India	231,423	268,900	103,200
Leave Allowances and Miscellaneous	4,068	7,600	7,000
Civil Works :—			
Stores for India	7,155	800	—
Leave Allowances and Miscellaneous	4,506	6,000	5,200
Miscellaneous :—			
Territorial and Political Pensions	7,307	11,900	9,000
Civil Superannuation Allowances and Pensions (including Home establishment Pensions)	1,800,078	1,767,000	1,734,600
Contribution to the Secretariat of the League of Nations	54,415	50,100	52,000
Other Miscellaneous Charges	30,527	47,400	*17,300*
Stationery and Printing :—			
Stores for India	39,191	28,000	69,000
Expenditure at the India Office and the High Commissioner's Office, Leave Allowances, etc.	8,989	10,400	11,200
Military Services (Army, Marine and Air Force) :—			
Home Charges of British Forces serving in India	1,570,145†	1,609,100*	1,608,100
Sea Transport Charges (less receipt of £130,000 from the War Office)	430,360	362,800	397,000
Unemployment Insurance	82,863	81,500	81,500
*Aden Contribution	—	250,000*	250,000

* From 1927-28, consequent on the transfer of Aden to the Imperial Government with effect from 1st April, 1927, the receipt from the War Office ceases and a contribution as shown, is payable by India.

† Less receipt from the War Office on account of Aden.

Net Expenditure.	Accounts, 1926-27.	Revised Estimate, 1927-28.	Budget, 1928-29.
	£	£	£
Military Services (Army, Marine and Air Force) *continued*—			
Contributions under Contributory Pensions Act, 1925 ..	120,203	115,800	118,200
Contribution to the expenses of His Majesty's Ships in Indian Seas	100,000	100,100	100,000
Furlough Pay	792,780	813,000	845,100
Stores	1,726,473	1,327,100	1,827,900
Marriage Allowances and Allotments	636,116	547,000	525,000
Gratuities to Surplus Officers of Indian Army	478,097	30,500	—
Other Effective Charges	132,441	83,300	74,100
Retired Pay of British Forces for Service in India	1,206,504	1,170,400	1,184,200
Retired Pay: Indian Services	1,791,556	1,896,400	1,940,800
Family and Miscellaneous Pensions	463,476	479,700	472,700
Extraordinary Receipts and Payments:—			
Earnings of Enemy Ships	*20,426*	—	—
Receipts on account of "Dawes" Annuities	*314,303*	*120,000*	*200,000*
Total	23,300,858	24,021,900	24,651,800
Expenditure by Secretary of State	18,667,502	19,872,300	19,968,700
„ „ High Commissioner	4,633,356	4,149,600	4,683,100
Total	23,300,858	24,021,900	24,651,800

Expenditure in England not charged on the Revenue of the year:—

Expenditure.	Accounts, 1926-27.	Revised Estimate, 1927-28.	Budget, 1928-29.
	£	£	£
Capital outlay on State Railways	10,378,879*	9,875,000	9,500,000†
New Capital at Delhi	20,919	42,500	61,800
Posts and Telegraphs	83,942	96,800	101,300
Indo-European Telegraph Dept.	10,961	6,600	10,000
Vizagapatam Port	81,985	11,200	49,900
Security Printing Press	514	—	3,000
Currency	—	34,500	500
Expenditure by Secretary of State	7,256,965	5,560,900	6,189,100
„ „ High Commissioner	3,320,235	4,505,700	3,537,400
Total	10,577,200	10,066,600	9,726,500

* Including £3,000,000, the purchase price of the Delhi-Umballa-Kalka Railway.
† Including £3,000,000 in repayment of the share capital of the Burma Railways.

APPENDIX II. (*b*).

RAILWAYS.

(*i*). *Route Mileage and Traffic (including railways outside Government accounts).*

Length of railways open in India on 31st March, 1926	38,579·48 miles
Additional mileage opened in 1926-27	420·77 „
Length of railways open in India on 31st March, 1927, after allowing for corrections due to realignments, etc.	39,048·88 „

		1925-26.	1926-27.
Number of passengers carried		599,144,800	604,371,800
Earnings from passengers carried	*Rs.*	39,45,99,000	38,11,89,000
Weight of goods traffic in tons		79,859,000	85,833,000
Earnings from goods tonnage	*Rs.*	64,42,17,000	65,00,65,000

(iii). Capital at Charge and Net Revenue Receipts.

Class and Name of Railway.	Capital at Charge on 31st March, 1927.	Net Revenue Receipts, 1926-27.	Percentage of Net Revenue Receipts on Capital at Charge.
Commercial Lines.			
State Railways worked by the State :—	*Rs.*	*Rs.*	%
Central Indian Coalfields	2,06,64,825	—	—
Delhi New Capital Railway Works	78,63,139	—	—
East Indian (including South Bihar)	1,14,58,95,572	7,75,13,865	6·76
Rishikesh Road	14,63,640	—	—
Eastern Bengal	43,08,41,965	2,31,72,819	5·37
Great Indian Peninsula	92,56,56,141	4,37,81,125	4·73
North-Western	87,31,23,186	4,54,22,407	5·20
Kangra Valley	62,09,247	—	—
Shahdara Narowal	25,78,686	—	—
Amritsar Narowal	34,41,002	—	—
Railway Collieries	85,78,590	—	—
State Railways worked by Companies or by Indian States :			
Assam-Bengal	19,11,35,073	80,35,593	4·19
Furkating Badulipur Jorhat	20,37,262	—	—
Sibsagar Road Khowang	28,79,432	—	—
Karimganj Lungai Valley	13,99,094	—	—
Bengal-Nagpur	68,47,91,906	3,48,08,696	5·08
Bezwada Extension (including Dhoni Kurnool)	18,51,632	3,38,310	18·27
Bombay, Baroda and Central India (including Dholka Dhanduka, Jambusarkavi and Samni Dehej)	61,54,72,247	4,21,25,131	6·84
Burma (including Extension)	29,44,23,860	1,80,18,095	6·12
Jodhpur (British Section)	63,67,282	1,20,543	1·89
Lucknow-Bareilly (Rohilkhund and Kumaon)	4,55,67,856	17,45,513	14·21
Madras and Southern Mahratta	46,25,74,694	3,57,95,226	7·74
South Indian	25,45,73,401		
Coonoor Ootacamund	51,28,063	2,55,10,573	9·16
Tinnevelly Quilon (British Section)	50,56,865		
Tinnevelly Quilon (Indian State Section)	1,37,70,347		
Tirhoot (Bengal and North-Western Railway)	8,89,85,919	1,01,85,623	11·45
Contribution to Depreciation Fund on account of Company-Worked lines and suspense items	—	—1,68,21,480	—
	6,07,23,30,926	34,97,52,039	5·76
Abandoned projects and other miscellaneous items	2,97,74,256	—	—
Total—Commercial Lines	6,10,21,05,182	34,97,52,039	5·73
Strategic Lines.			
Aden	14,97,940	65,557	4·38
North-Western	23,93,46,293	—33,91,999	—1·42
Tank Kaur Khirgi	37,36,320	—	—
Frontier Railway Reserve	79,87,095	—	—
Nushki Extension	3,45,92,770	—	—
Khyber	2,75,12,562	—	—
Cambellpur Railway Reserve	91,802	—	—
Hindubagh-Fort Sandeman	12,85,353	—	—
Total—Strategic Lines	31,60,30,135	—33,26,442	—1·05
Grand Total	6,41,81,55,317	34,64,25,597	5·39

* Differs from figure of "Working Profit" shown in table on page 14, which takes into account "Miscellaneous Receipts" and "Payments on account of Surplus Profits."

APPENDIX II. (*c*)

SEA-BORNE TRADE.

(*i*). *Summary of Sea-borne Trade.*

——	1925–26.	1926–27.	1927–28.
On Private Account.			
	Rs.	*Rs.*	*Rs.*
Exports of Merchandise	3,85,32,69,476	3,09,44,55,843	3,28,65,61,600
Imports of Merchandise	*2,26,17,77,961*	*2,31,22,08,176*	*2,49,90,01,719*
Net Exports of Merchandise	1,59,14,91,515	78,22,47,667	78,75,59,881
Net Imports of Gold	*34,85,45,874*	*19,40,05,448*	*18,10,00,023*
Net Imports of Silver	*17,15,20,912*	*19,76,65,278*	*13,85,25,312*
Net Imports or Exports *of Currency Notes*	12,03,433	*14,39,874*	*23,89,111*
Net Imports of Treasure	*51,88,63,363*	*39,31,10,600*	*32,19,14,446*
Net Exports of Merchandise and Treasure on Private Account.	1,07,26,28,162	38,91,37,067	46,56,45,435
Government Transactions.			
Imports of Merchandise	*9,82,34,634*	*9,59,76,127*	*11,62,56,128*
Exports of Merchandise	1,48,52,366	1,60,48,457	1,57,24,150
Net Imports of Merchandise	*8,33,82,268*	*7,99,27,670*	*10,05,31,978*
Net Imports of Gold	—	—	—
Net Imports or Exports *of Silver*	2,79,762	*10,15,057*	1,57,085
Net Imports or Exports *of Currency Notes*	20,97,679	9,18,488	*14,61,78,215*
Net Imports or Exports *of Treasure*	23,77,441	*96,569*	*14,60,21,130*

(*ii*). *Sea-borne Trade—Analysis of* Imports *of Merchandise showing the principal articles separately.*

——	1925–26.	1926–27.	1927–28.
A. *On Private Account.*			
I. Food, Drink and Tobacco :—	*Rs.*	*Rs.*	*Rs.*
A. Fish (excluding canned fish)	37,72,483	38,66,131	36,97,879
B. Fruits and Vegetables	1,57,00,510	1,61,76,496	2,01,93,711
C. Grain, Pulse and Flour	65,77,470	91,68,868	2,30,70,097
D. Liquors	2,79,69,828	2,92,99,810	3,02,11,447
E. Provisions and Oilman's Stores	4,89,59,211	5,77,63,701	6,40,60,255
F. Spices	3,38,45,458	3,29,15,492	2,57,85,141
G. Sugar	15,58,40,712	18,89,06,357	14,90,55,116
H. Tea	60,29,778	66,71,716	69,00,197
I. Other Food and Drink	1,18,57,949	1,49,18,571	2,00,39,330
J. Tobacco	2,13,35,543	2,56,10,669	2,91,32,346
Total, Class I.	33,18,88,942	38,52,97,811	37,21,45,519
II. Raw Materials and Produce and articles mainly unmanufactured :—			
A. Coal	88,16,648	31,39,336	58,48,244
B. Other Non-metallic mining and quarry products and the like	1,71,97,786	1,63,91,229	1,88,49,324
C. Fodder, Bran and Pollards	1,25,199	1,56,408	1,24,741
D. Gums, Resins and Lac	26,73,776	38,69,741	60,45,351
E. Hides and Skins, raw or undressed	17,33,219	21,96,364	27,52,808
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	3,00,822	5,83,219	2,66,395
G. Oils—Vegetable, Mineral and Animal	10,60,16,380	9,18,78,486	11,15,62,888
H. Oilcakes of all kinds	7,033	7,151	13,058
I. Paper making materials	25,85,060	34,99,451	40,27,949
J. Rubber, raw or crude	1,22,417	41,730	88,305
K. Seeds, including nuts for oils	16,67,898	9,52,311	18,63,029
L. Tallow, Stearine and Wax	30,68,747	33,53,011	28,01,363
M. Cotton, raw and waste	3,64,53,449	5,03,38,704	6,71,75,278
N. Jute, raw	95,800	5,534	3,352
O. Silk, raw and waste	94,40,040	1,14,61,225	1,45,40,487
P. Wool, raw	43,35,602	31,98,070	44,94,814
Q. Other Textile Materials	15,07,172	9,48,063	9,76,772
R. Wood and Timber	51,94,227	58,90,952	64,74,175
S. Miscellaneous	72,78,775	71,53 284	83,62,733
Total, Class II.	20,86,20,050	20,50,64,269	25,62,69,066

(ii). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately*—continued.

—	1925-26.	1926-27.	1927-28.
A. *On Private Account (continued).*			
III. Articles wholly or mainly manufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Apparel	2,06,01,505	2,34,99,966	2,31,43,237
B. Arms, Ammunition and Military Stores	89,70,275	68,86,995	70,64,540
C. Chemicals, Drugs and Medicines	4,09,12,503	4,71,09,749	5,02,63,670
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	7,15,64,064	7,33,70,081	7,63,02,499
E. Dyes and Colours	3,19,00,699	3,67,12,839	4,32,17,288
F. Electrical Goods and Apparatus (other than Machinery)	2,25,10,346	2,51,98,279	2,83.49,247
G. Furniture, Cabinetware and Manufactures of Wood and Timber	35,70,737	44,76,633	47,35,113
H. Glassware and Earthenware	3,36,54,100	3,36,20,347	3,29,89,032
I. Hides and Skins, tanned or dressed, and Leather	53,69,094	59,72,829	64,28,568
J. Machinery of all kinds, including Belting for Machinery	15,86,72,681	14,59,58,246	16,99,16,140
K. Metals, Iron and Steel, and Manufactures thereof	18,09,08,180	16,73,94,372	21,42,87,143
L. Metals, other than Iron and Steel, and Manufactures thereof.	7,28,38,733	7,06,34,704	6,97,75,863
M. Paper, Pasteboard and Stationery	3,69,95,951	3,90,16,464	3,92,28,893
N. Railway Plant and Rolling Stock	4,96,51,343	3,25,19,136	4,76,86,710
O. Rubber Manufactures	2,16,49,611	2,10,53,794	2,70,80,296
P. Vehicles (excluding Locomotives, etc., for Railway)	5,74,89,206	6,39,93,148	7,69,36,648
Q. Cotton Yarns and Manufactures	65,66,72,935	65,04,73,976	65,15,66,335
R. Jute „ „	50,08,311	40,31,388	24,08,076
S. Silk „ „	2,80,29,923	3,45,09,584	3,60,37,849
T. Woollen „ „	4,23,60,776	4,14,38,132	4,91,86,972
U. Other Yarns and Textile Fabrics	3,64,39,124	5,71,14,683	7,15,99,495
V. Miscellaneous	9,71,63,646	9,54,71,350	9,83,36,428
Total, Class III.	1,68,29,33,743	1,68,04,56,695	1,82,65,40,042
IV. Living Animals.—			
A. Horses	31,67,368	39,05,702	36,37,260
B. Other Living Animals	2,89,038	2,79,203	2,05,661
Total, Class IV.	34,56,406	41,84,905	38,42,921
V. Postal Articles not specified	3,48,78,820	3,72,04,496	4,02,04,171
Total value of Imports of Merchandise on Private Account	2,26,17,77,961	2,31,22,09,176	2,49,90,01,719
B. *Government Stores*	9,82,34,634	9,59,76,127	11,62,56,128
Grand Total, Imports of Merchandise	2,36,00,12,595	2,40,81,84,303	2,61,52,57,847

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately.*

—	1925-26.	1926-27.	1927-28.
INDIAN MERCHANDISE.			
A. *On Private Account.*	*Rs.*	*Rs.*	*Rs.*
I. Food, Drink and Tobacco :—			
A. Fish (excluding Canned Fish)	76,43,584	75,37,978	87,13,418
B. Fruits and Vegetables	83,46,053	89,88,557	1,05 42,096
C. Grain, Pulse and Flour	48,03,39,206	39,24,89,596	42,90,03,059
D. Liquors	79,157	4,104	3,335
E. Provisions and Oilman's Stores	64,93,627	60,95,472	61,20,987
F. Spices	1,76,27,933	1,55,96,550	2,39,95,517
G. Sugar	7,04,647	5,78,297	7,81,493
H. Tea	27,12,17,240	29,03,77,502	32,48,49,243
I. Other Food and Drink	1,87,31,574	1,35,63,498	2,34,73,117
J. Tobacco	1,11,40,017	1,04,15,226	1,06,13,308
Total, Class I.	82,23,23,038	74,56,46,780	83,80,95,573

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

—	1925-26.	1926-27.	1927-28.
INDIAN MERCHANDISE—*cont.*			
A. *On Private Account.*			
II. Raw materials and produce and articles mainly unmanufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Coal	34,59,241	80,91,664	75,77,299
B. Other Non-Metallic mining and quarry products and the like	1,06,49,126	1,11,00,411	94,79,015
C. Fodder, Bran and Pollards	1,28,57,559	1,06,24,663	1,36,74,263
D. Gums, Resins and Lac	7,04,13,229	5,61,50,807	7,18,90,063
E. Hides and Skins, raw or undressed	7,23,38,263	7,17,96,544	8,80,94,418
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	2,43,97,633	2,46,69,705	3,30,29,408
G. Oils—Vegetable, Mineral and Animal	1,79,26,694	95,71,284	70,98,083
H. Oilcakes of all kinds	2,10,61,650	2,52,75,612	3,14,18,952
I. Paper-making Materials	2,14,984	1,12,878	1,32,773
J. Rubber, raw or crude	2,94,09,876	2,60,14,317	2,55,52,237
K. Seeds, including nuts for oils	29,63,67,727	19,08,77,178	26,69,29,831
L. Tallow, Stearine and Wax	10,68,836	14,00,179	11,15,195
M. Cotton, raw and waste	95,65,20,410	59,14,18,849	48,19,53,026
N. Jute ,, ,,	37,94,57,313	26,78,04,139	30,66,25,972
O. Silk ,, ,,	35,74,799	32,39,518	36,38,042
P. Wool ,, ,,	3,79,88,245	3,93,14,109	4,36,03,409
Q. Other Textile Materials	1,59,17,557	82,76,795	81,30,413
R. Wood and Timber	1,93,61,974	1,60,12,958	1,63,71,219
S. Miscellaneous	2,68,37,120	2,50,63,426	2,69,21,906
Total, Class II.	1,99,98,22,236	1,38,68,15,036	1,44,32,35,519
III. Articles wholly or mainly manufactured :—			
A. Apparel	27,52,305	25,58,779	28,71,541
B. Arms, Ammunition and Military Stores	500	1,165	1,215
C. Chemicals, Drugs and Medicines	2,56,05,969	2,65,82,061	2,51,19,117
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	20,86,411	22,70,771	23,44,308
E. Dyes and Colours	1,37,98,793	1,24,15,115	1,69,03,539
F. Electrical Goods and Apparatus (other than Machinery)	—	—	—
G. Furniture, Cabinetware, and manufactures of wood and timber	6,11,971	6,38,275	6,39,008
H. Glass and Earthenware	2,71,519	2,49,307	2,91,994
I. Hides and Skins, tanned or dressed, and Leather	7,10,20,580	7,50,02,154	9,19,35,700
J. Machinery of all kinds, including belting for machinery	74,000	95,347	61,980
K. Metals, Iron and Steel, and manufactures thereof	1,77,48,641	1,41,27,732	1,80,16,606
L. Metals, other than Iron and Steel, and manufactures thereof	3,07,36,716	3,32,88,241	3,86,62,340
M. Paper, Pasteboard and Stationery	1,12,485	1,26,456	1,46,279
N. Railway Plant and Rolling Stock	2,77,675	1,45,593	4,81,191
O. Rubber manufactures	20,004	1,04,291	54,826
P. Vehicles (excluding locomotives, etc., for Railways)	42,663	27,527	32,248
Q. Cotton, yarns and manufactures	9,64,85,053	10,74,85,517	8,67,23,397
R. Jute ,, ,, ,,	58,83,98,259	53,18,08,673	53,65,53,575
S. Silk ,, ,, ,,	3,01,238	2,68,497	6,31,020
T. Woollen ,, ,, ,,	79,59,276	75,13,933	97,34,188
U. Other yarns and textile fabrics	8,34,310	9,85,891	8,86,181
V. Miscellaneous articles, wholly or mainly manufactured	3,65,57,831	3,74,00,094	4,45,46,262
Total, Class III.	89,56,95,699	85,30,95,419	87,66,36,485
IV Living Animals:—			
A. Horses	52,050	36,280	42,550
B. Cattle	9,17,086	12,33,549	14,60,879
C. Sheep and Goats	22,13,437	22,26,517	26,91,637
D. Other living animals	2,79,486	3,35,949	4,91,494
Total, Class IV.	34,62,059	38,32,295	46,86,560

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

—	1925-26.	1926-27.	1927-28.
INDIAN MERCHANDISE (*contd.*).			
A. Private Account.			
	Rs.	*Rs.*	*Rs.*
Class V. Postal Articles	2,71,18,168	2,49,68,754	2,84,73,925
Total Value of Exports of Indian Merchandise on private account	3,74,84,21,200	3,01,43,58,284	3,19,11,28,062
B. *Government Stores*, Exports of Indian Merchandise	1,20,79,339	1,31,38,961	1,26,86,179
Total Exports of Indian Merchandise	3,76,05,00,539	3,02,74,97,245	3,20,38,14,241
C. *Re-exports*—On Private Account ..	10,48,48,276	8,00,97,559	9,54,33,538
Government Stores ..	27,73,027	29,09,496	30,37,971
Total re-exports	10,76,21,303	8,30,07,055	9,84,71,509
Grand Total, Exports of Merchandise	3,86,81,21,842	3,11,05,04,300	3,30,22,85,750

(iv). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin.*

Note.—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1925-26.	1926-27.	1927-28.
British Empire :—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	1,15,32,02,107	1,10,53,42,516	1,19,26,94,958
Aden and Dependencies	42,74,173	52,91,625	66,03,123
Mesopotamia	76,71,451	70,04,670	95,15,946
Ceylon	1,69,10,510	1,37,14,918	1,90,52,760
Straits Settlements (including Labuan)	5,65,98,291	5,82,12,992	5,84,66,173
Hong Kong	84,39,984	90,21,157	1,15,79,524
Union of South Africa	41,93,942	31,84,175	54,05,178
Mauritius and Dependencies (including Seychelles)	54,90,801	1,17,667	98,358
Zanzibar and Pemba	61,67,586	35,17,576	41,10,325
Kenya Colony	3,45,26,594	2,20,14,393	2,17,43,768
Canada	1,30,41,295	1,68,83,052	1,78,66,010
Australia	1,44,19,346	1,69,60,876	1,82,98,580
New Zealand	93,193	54,555	1,46,477
Other British Possessions	1,22,77,183	89,61,614	5,11,906
Total—British Empire	1,33,73,06,456	1,27,02,81,786	1,37,30,93,086

(iv). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin*—continued.

NOTE—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1925-26.	1926-27.	1927-28.
	Rs.	*Rs.*	*Rs.*
Foreign Countries:—			
Russia	19,873	51,56,637	52,15,969
Sweden	1,43,38,235	1,26,88,354	1,25,56,369
Norway	58,60,507	69,52,825	88,16,367
Germany	13,30,78,704	16,90,71,677	15,35,31,851
Netherlands	3,69,24,514	4,66,26,070	4,80,37,825
Belgium	6,13,06,047	6,80,08,052	7,49,42,564
France	3,23,87,751	3,55,66,145	4,30,92,990
Spain	16,77,615	20,58,891	33,82,872
Switzerland	1,56,69,603	2,19,60,040	2,67,93,679
Italy	4,25,67,226	6,16,11,411	6,77,57,913
Austria	80,74,814	1,10,82,788	1,22,86,197
Hungary	43,01,329	60,83,885	7,95,214
Czechoslovakia	1,45,87,479	1,66,65,225	1,22,51,258
Arabia	54,24,477	44,71,388	51,42,532
Persia	2,14,92,358	1,98,13,908	2,94,32,765
Java	14,03,78,729	14,42,27,504	14,70,24,717
Borneo (Dutch)	66,43,296	91,36,927	1,36,31,029
Siam	10,87,525	12,35,065	23,98,179
China (exclusive of Hongkong and Macão)	2,60,67,493	3,30,99,562	4,41,23,745
Japan	18,19,00,392	16,47,24,110	17,90,84,456
Egypt	40,92,503	42,11,277	52,36,982
Portuguese East Africa	33,18,196	9,37,018	12,99,392
Italian East Africa	9,52,811	12,06,590	17,61,553
United States of America	15,07,35,184	18,23,74,618	20,43,72,542
Other Foreign Countries	1,15,63,556	1,29,26,423	2,29,39,673
Total Foreign Countries	92,44,50,217	104,19,26,390	112,59,08,633
Grand Total	2,26,17,56,673	231,22,08,176	249,90,01,719

(v). *Sea-borne Trade—Analysis of* Exports *of Indian Merchandise on Private Account, showing separately the principal countries of destination.*

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1925-26.	1926-27.	1927-28.
	Rs.	*Rs.*	*Rs.*
British Empire:—			
United Kingdom	77,72,27,431	63,38,78,453	78,90,70,810
Aden and Dependencies	1,45,31,135	1,48,91,341	1,74,67,277
Mesopotamia	2,76,47,211	2,13,53,352	1,65,30,189
Ceylon	14,68,58,019	14,44,04,994	15,18,22,470
Straits Settlements (including Labuan)	9,81,40,828	9,32,09,116	9,08,57,993
Hong Kong	2,85,29,681	2,93,78,586	2,07,64,758
Union of South Africa	2,81,90,020	2,37,47,798	2,52,57,005
Mauritius and Dependencies (including Seychelles)	1,88,11,340	1,69,88,252	1,93,41,457
Zanzibar and Pemba	70,90,203	76,82,299	70,82,755
Kenya Colony	1,02,73,025	97,74,881	94,49,614
Canada	2,12,33,441	2,05,08,163	2,18,98,164
British West India Islands	51,77,414	51,72,947	41,90,936
Australia	8,59,13,507	7,78,02,565	6,60,52,190
New Zealand		97,91,162	76,98,140
Other British Possessions	2,79,08,679	3,27,77,892	3,71,44,792
Total—British Empire	1,29,75,31,934	114,13,61,801	128,46,28,550

(v). *Sea-borne Trade—Analysis of Exports of Indian Merchandise on Private Account, showing separately the principal countries of destination*—continued.

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1925-26.	1926-27.	1927-28.
	Rs.	*Rs.*	*Rs.*
Foreign Countries :—			
Russia	19,43,611	9,12,783	49,01,767
Sweden	34,68,776	25,18,015	30,12,982
Norway	42,96,420	31,99,137	30,78,280
Germany	26,77,38,451	21,39,22,607	30,68,49,899
Holland	7,60,18,741	6,21,97,520	7,50,24,976
Belgium	12,34,47,376	8,77,20,155	10,85,63,256
France	21,10,97,992	13,81,27,404	15,76,70,903
Spain	4,77,97,328	2,74,05,098	3,21,68,365
Switzerland	40,15,146	64,369	31,964
Italy	18,98,21,312	14,34,76,442	12,68,38,471
Austria	25,66,060	25,78,800	30,66,843
Turkey, European	34,74,848	22,06,317	26,77,740
,, Asiatic	15,13,914	22,38,923	35,72,173
Arabia	1,78,03,191	1,80,62,699	2,33,13,357
Persia	2,35,64,972	2,49,57,622	1,87,55,312
Sumatra	1,35,26,707	1,43,81,541	1,34,16,152
Borneo and Java	4,85,53,651	3,04,12,036	2,49,09,696
Siam	1,75,72,557	1,68,80,671	1,98,38,490
Indo-China	2,31,68,606	1,92,54,044	2,14,27,156
China (exclusive of Hong-Kong and Macao) ..	15,43,97,396	11,21,83,341	4,59,73,108
Japan	56,65,79,649	41,00,75,270	29,00,20,561
Egypt	4,74,57,877	3,64,32,796	4,71,66,257
Portuguese East Africa	1,25,69,245	1,24,33,840	1,53,05,585
Italian East Africa	18,01,733	14,89,300	19,72,236
Other East African Ports	14,01,416	13,82,634	15,09,575
United States of America	39,49,34,165	33,68,37,467	35,90,59,565
West Indies	5,38,55,271	4,36,35,433	4,08,54,927
South America	9,97,03,771	9,47,70,144	10,67,10,443
Other Foreign Countries	4,02,99,085	4,35,26,375	4,38,19,473
Total—Foreign Countries ..	2,45,08,89,266	187,29,96,483	190,64,99,512
Grand Total	3,74,84,21,200	301,43,58,284	319,11,28,062

Printed by H.M.S.O. Press, Harrow.

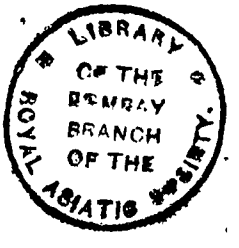
EAST INDIA ACCOUNTS & ESTIMATES

1929-1930

EXPLANATORY MEMORANDUM

By the Secretary of State for India

Presented by the Secretary of State for India to Parliament by Command of His Majesty



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PRINTED AND PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE
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Cmd. 3386.

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BOMBAY BRANCH
OF THE
Royal Asiatic Society.

MEMORANDUM

BY THE

SECRETARY OF STATE FOR INDIA

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA (Central Government) for 1927-28 and the ESTIMATES for 1928-29 and 1929-30.

I.—INTRODUCTORY.

Separation of Central and Provincial Finances.

The Government of India Act, 1919, was designed *inter alia* to secure a greater measure of independence for Provincial Governments, and to this end provision was made, in the Act and in Rules subsequently published under authority of the Act, for the delimitation of the functions of Government as between the Government of India and the chief Provincial Governments, and for the definite assignment to each of these Provincial Governments of specific revenues of their own. Effect has been given to these measures of devolution in the nine " Governor's Provinces " viz.: Madras, Bombay, Bengal, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces, Assam and Burma, and in the Province of Coorg. As regards these provinces the functions of Government have been classified as either " central subjects " or " provincial subjects." A general authority to control all matters coming under the latter head, subject to certain expressed provisos, is devolved upon the Local Governments concerned.

The sources of revenue available to Local Governments for the purpose of defraying their administrative charges consist, in the main, of the receipts from those provincial subjects which are revenue-producing, the principal heads being Land Revenue, Irrigation, Stamp Duties and Excise. In addition, a local Government is given a small share in any expansion of Income Tax (otherwise a " central " source of revenue) that may be due to an increase of the total assessed incomes within the Province over that of 1920-21.

When the division of the sources of revenue was made between the Central and Provincial Governments, it was realized that the Central Government would be left insufficiently provided. It was therefore arranged that an annual contribution should be made by eight of the local Governments to the Central Government. The annual contributions fixed at the outset aggregated 983 lakhs of rupees. They were not, except in case of emergency and with the sanction of the Secretary of State, to be subject to increase, and, should reduction of the aggregate be found possible, reductions were to be made in fixed proportions from the quotas of the several Provinces. The general policy pursued aimed at the progressive reduction of the provincial contributions with a view to their ultimate cessation as soon as the revenues of the Central Government permitted. They ceased to be levied as from 1927-8.

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The revised financial arrangements outlined above came into force from the 1st April, 1921, as from which date all " provincial " revenue and expenditure ceased to be included in the estimates and accounts of the Central Government. In the case of Coorg the separation was made on 1st April, 1924. The annual volumes of the " Finance and Revenue Accounts of the Government of India," commencing with that for 1921–22, exhibit separately the revenue and expenditure of the Central Government and of each of the Provincial Governments. The Central Government and each Provincial Government issues annually a separate volume containing its own budget estimate for the forthcoming year and, in most cases, a revised estimate for the closing year. This Memorandum, however, deals with the Accounts and Estimates of the Central Government only, except where otherwise stated.

Separation of Railway Finance from General Finance.

In accordance with a Resolution passed in the Legislative Assembly in September, 1924, Railway Finance has been separated from the general finances of Government with effect from the year 1924–25. The Railway revenue account and the contributions of the Railways to the general revenues are shown on pages 24 and 25.

Rates of Exchange.

In the Accounts for 1927–28 sterling amounts under Revenue and Capital heads are converted into rupees at Rs.13·3853 per £, the average of the daily rates for telegraphic transfers in Calcutta on London for that year; sterling amounts under Debt and Remittance heads being converted at Rs.13⅓ per £1 (1s. 6d. to the rupee).

In the Budget and Revised Estimates for 1928–29 and the Budget Estimate for 1929–30 all sterling expenditure is converted into rupees at Rs.13⅓ per £1 (1s. 6d. to the rupee).

II.—REVENUE, AND EXPENDITURE CHARGED TO REVENUE.

Gross Revenue and Expenditure.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follows:—

Gross Revenue and Expenditure.	Accounts, 1927–28.	Revised Estimate, 1928–29.	Budget, 1929–30.
	Rs.	Rs.	Rs.
Revenue	1,27,26,28,351	1,31,19,67,000	1,34,06,33,000
Expenditure	1,27,26,28,351	1,31,19,67,000	1,34,06,33,000
Surplus	—	—	—

The equation of the revenue and expenditure in these three years is due to transfers to and from the Revenue Reserve Fund, as explained below. Mainly to provide for the remission in 1927–28 of the outstanding provincial contributions, the surplus of 1926–27, viz: Rs.2,95,63,331, was transferred to the Revenue Reserve Fund. The amount transferred from the Fund in 1927–28 to balance the Revenue Account, was Rs.2,21,48,425, leaving a balance in the Reserve Fund of Rs.74,14,886. The Revised Estimates for 1928–29 take account of the expected realisation in that year of Rs.65 lakhs of salt revenue which would normally be received in 1929–30. It has been decided that the estimated surplus of Rs.29·63 lakhs in 1928–29 should be carried to the Revenue Reserve Fund and that the shortage of Rs.89·69 lakhs in the revenue of 1929–30 should be met from the same source. The balance of the Revenue Reserve Fund on the 31st March 1930 will, it is estimated, be Rs.14·09 lakhs.

In these figures all receipts on revenue account are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies, are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure.

The figures of Gross Revenue just given include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges, the total receipts from the sale of opium, and the receipts of certain spending departments; while the figures of Gross Expenditure include the interest charges of commercial undertakings, and the cost of cultivation and manufacture of opium. This method of compilation may cause the revenue available for administrative purposes and the expenditure on such purposes to appear greater than they really are. A statement of the net revenue and expenditure of the Central Government for the three years under review is therefore given in the table below, which shows the *net* revenue derived from commercial undertakings, after deducting all expenditure including interest charges, and *net* figures under other heads of revenue and expenditure obtained by deducting (1) the cost of cultivation and manufacture of opium from sale receipts, and (2) the receipts of the spending departments from the gross expenditure incurred by them. The cost of the establishments maintained for the collection of revenue other than opium is not shown as a deduction from revenue, but as a separate head of expenditure.

Net Revenue.

	Accounts, 1927-28.		Budget Estimate, 1928-29.		Revised Estimate, 1928-29.		Budget Estimate, 1929-30.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Principal Heads of Revenue :—*								
1. Customs ..	48,21,41,872		50,18,37,000		50,04,18,000		51,21,77,000	
2. Taxes on Income ..	15,06,39,243		16,99,58,000		16,50,10,000		16,59,60,000	
3. Salt	6,63,17,979		7,00,08,000		7,64,69,000		6,34,64,000	
4. Opium ..	3,07,51,429		2,66,28,000		2,88,04,000		2,34,56,000	
5. Other Heads..	2,29,98,792		2,20,10,000		2,19,90,000		2,22,67,000	
		75,28,49,315		79,04,41,000		79,26,91,000		78,73,24,000
II. *Commercial Undertakings :—*								
1. Railways ..	6,27,83,082		5,48,00,000		5,45,76,000		6,24,72,000	
2. Irrigation ..	*—8,33,387*		*—10,74,000*		*—10,46,000*		*—9,26,000*	
3. Posts and Telegraphs ..	*—47,27,715*		*—24,29,000*		*—51,97,000*		*—23,47,000*	
		5,72,21,980		5,12,97,000		4,83,33,000		5,91,99,000
III. *Currency and Mint*								
1. Currency ..	1,72,53,229		1,73,50,000		1,86,10,000		2,18,30,000	
2. Mint	17,26,173		5,68,000		8,50,000		16,45,000	
		1,89,79,402		1,79,18,000		1,94,60,000		2,34,75,000
IV. *Provincial Contributions and Adjustments*		2,59,699		—		3,42,000		—
V. *Miscellaneous Civil Receipts* ..		16,44,615		25,74,000		27,10,000		26,49,000
VI. *Extraordinary Items* ..		2,17,37,853		22,17,000		*—4,45,000*		1,17,44,000
Total Net Revenue ..		85,26,92,864		86,44,47,000		86,30,91,000		88,43,91,000

Net Expenditure.

	Accounts, 1927-28.		Budget Estimate, 1928-29.		Revised Estimate, 1928-29.		Budget Estimate, 1929-30.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Debt Services* ..		11,99,22,955		11,98,64,000		12,06,33,000		12,14,24,000
II. *Military Services* :—								
1. Army ..	50,03,62,496		50,81,96,000		50,52,66,000		50,41,35,000	
2. Marine ..	61,61,368		68,43,000		68,60,000		68,60,000	
3. Military Engineer Services	4,14,21,717		3,59,61,000		3,88,74,000		4,00,05,000	
		54,79,45,581		55,10,00,000		55,10,00,000		55,10,00,000
III. *Collection of Revenue*		3,31,87,147		3,43,35,000		3,49,50,000		3,68,42,000
IV. *Civil Administration*		10,22,08,656		10,68,13,000		10,47,74,000		11,54,49,000
V. *Miscellaneous Civil Charges* ..		3,39,29,438		3,53,98,000		3,56,39,000		3,47,98,000
VI. *Civil Works* ..		1,42,40,607		1,58,90,000		1,55,21,000		2,40,90,000
VII. *Forest and other Capital Outlay charged to Revenue* ..		12,58,480		6,41,000		5,74,000		7,88,000
Total Net Expenditure charged against Revenue		85,26,92,864		86,39,41,000		86,30,91,000		88,43,91,000
Surplus		—		5,06,000		—		—

ACCOUNTS, 1927–28, AND REVISED ESTIMATES, 1928–29.

The equation of the Revenue and Expenditure for these two years and in the following year are explained on page 5.

The principal variations in the Revised Estimate of 1928–29 from the Budget figures are shown below and explanations of the main differences are given under their respective heads in Appendix I (*see* page 21).

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Salt	64,61,000	Taxes on Income ..	49,48,000
Opium	21,76,000	Posts and Telegraphs	27,68,000
Currency and Mint ..	15,42,000	Extraordinary Items	26,62,000
Adjustments with Provincial Governments	3,42,000	Customs	14,19,000
		Railways	2,24,000
Other Heads	1,64,000	Other Heads ..	20,000
Total	1,06,85,000	Total	1,20,41,000

Net decrease Rs. 13,56,000.

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Debt Services ..	7,69,000	Civil Administration	20,39,000
Collection of Revenue	6,15,000	Civil Works	3,69,000
Miscellaneous Civil Charges	2,41,000	Forest and other Capital Outlay charged to Revenue	67,000
Total	16,25,000	Total	24,75,000

Net decrease Rs. 8,50,000.

BUDGET, 1929–30.

The Government of India's budget estimates of Revenue and Expenditure for 1929–30 are equated by the transfer from the Revenue Reserve Fund of Rs.89,69,000, as explained on page 5.

No change has been made in the rates of Salt duty, Postage, Income Tax and Super-Tax; and the interest on securities in the Paper Currency Reserve and the surplus of the Gold Standard Reserve over £40,000,000 will, as in previous years, be credited to revenue. The Customs and Excise duties on Motor Spirit have been raised from 4 annas to 6 annas per gallon to provide a fund for Road development.

The following reductions were made by the Legislative Assembly in the course of the voting of the demands for grants for 1929-30 :—

Expenditure charged to Revenue.

Demand.	*Rs.*
Salt	100
Executive Council	65,999
Army Department	100
Ditto	100
Ditto	5,35,800
North West Frontier Province ...	100

Of these, the Governor General in Council has, under section 67A(7) of the Government of India Act, decided, as essential to the discharge of his responsibilities, to restore the following amounts :—

Demand.	*Rs.*
Executive Council	65,999
Army Department	5,35,800

In the Budget, as finally passed, the Net Revenue and Expenditure were estimated as follows :—

	Rs.
Net Revenue	...88,43,91,000
Net Expenditure	...88,43,91,000
Surplus	——

As compared with the Revised Estimate for 1928-29, these figures show an increase in both net revenue and net expenditure of Rs.2,13,00,000.

The increases and decreases in the Budget as compared with the Revised Estimate for 1928-29 in detail are as follows :—

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Extraordinary Items	1,21,89,000	Salt	1,30,05,000
Customs	1,17,59,000	Opium	53,48,000
Railways	78,96,000	Adjustments with Provincial Govts.	3,42,000
Currency and Mint ..	40,15,000	Miscellaneous Civil Receipts	61,000
Posts and Telegraphs	28,50,000		
Taxes on Income ..	9,50,000		
Other Heads.. ..	3,97,000		
Total	4,00,56,000	Total ..	1,87,56,000

Net increase Rs. 2,13,00,000

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Civil Administration	1,06,75,000	Miscellaneous Civil Charges	8,41,000
Civil Works	85,69,000		
Collection of Revenue	18,92,000		
Debt Services ..	7,91,000		
Forest and Other Capital Outlay charged to Revenue	2,14,000		
Total	2,21,41,000	Total ..	8,41,000

Net increase Rs. 2,13,00,000

Notes on the Heads under which the principal variations occur will be found in Appendix I. (*See* page 21).

III.—BURDEN OF TAXATION.

	Accounts, 1927–28.	Budget Estimate, 1928–29.	Budget Estimate, 1929–30.
	Lakhs of Rs.	*Lakhs of Rs.*	*Lakhs of Rs.*
Customs	48,11·55	50,07·74	51,04·14
Taxes on Income	15,42·64	17,35·58	16,92·95
Salt	6,22·15	6,60·60	5,94·25
Excise	19,54·12	19,41·13	19,72·51
Stamps	13,57·90	13,73·90	14,63·44
Registration	1,47·33	1,45·79	1,49·24
Scheduled Taxes	40·66	44·37	43·68
Total (excluding Land Revenue) ..	104,76·35	109,09·11	110,20·21
Land Revenue	35,41·27	35,63·31	35,70·51
Total (including Land Revenue) ..	140,17·62	144,72·42	145,90·72
The payment per head, on the assumption that the whole of the taxation is paid by the inhabitants of British India, is :—	*Rs.*	*Rs.*	*Rs.*
(i) exclusive of Land Revenue..	4.096	4·244	4·266
(ii) inclusive of Land Revenue..	5.480	5·630	5·648

The above figures include both Central and Provincial revenue.

For the purpose of calculating the payment per head, the figures of population have been based on the Census of 1921 (247,003,293), an annual increase of population at the rate of one-half per cent. being assumed.

IV.—DEBT TRANSACTIONS AND CAPITAL EXPENDITURE.

Debt Transactions.

1928-29.

In August, 1928, the Government of India issued a Rupee Loan. It took the form of (i) a 4½ per cent. Loan, repayable in 1955–60, issued at a cash price of Rs.94 per cent., and (ii) 4½ per cent. Bonds at Rs.97½ per cent. repayable on 1st September, 1934. Both forms of the Loan provided for subscriptions in cash, Indian Treasury Bills and Indian 5½ per cent. War Bonds, 1928. Subscriptions in the form of War Bonds were accepted at their full maturity value, i.e. Rs.105 per cent. plus the interest due on the War Bonds for the half-year ending 14th September, 1928. Indian Treasury Bills were accepted at their face value less discount at the rate of 2 per cent. per annum on the unexpired portion of the currency of the Bills, the tenderer paying in cash the amount required to make up an exact multiple of the issue price. Both issues of the Loan were to be closed as soon as the total subscriptions amounted to Rs.35 crores, nominal, and in any case not later than 18th August, 1928.

The loan remained open until the 18th August and was fully subscribed, the figures of subscriptions being as follows:—

	Lakhs of rupees.
Cash	22,41
War Bonds, 1928	11,11
Indian Treasury Bills	1,51
Total	35,03

Applications were made for both forms of the issue as follows:—

Long term Loan, 1955–60	9,06
Short term Bonds, 1937	25,97
Total	35,03

On 31st August, 1928, £6,000,000 Six Months' India Bills were issued in London. The applications amounted to £9,845,000. Tenders at £97 15s. 9d. received about 18 per cent. and above in full. The average rate at which allotment was made was £4 8s. 7·07d. per cent. per annum. The Bills were repaid from part of the proceeds of an issue of stock in January, 1929, mentioned below.

In January, 1929, £10,000,000 India 4½ per cent. Sterling Stock 1958–68, was issued in London at £91 per cent. to provide funds for capital expenditure on railways in India, for the purchase of the Burma Railways Company, Limited, and to repay £6,000,000 India Bills issued in August, 1928.

The sale in India of Treasury Bills by tender to the public which had been resumed on 7th March, 1928, continued, along with sales of " intermediate " bills, to 12th June. Sales were again resumed from 11th September to 20th November, 1928, in the form of three and six months' bills. The amount outstanding with the public on 31st March, 1929, was Rs.4 crores; in addition Rs.39.15 crores were held in the Paper Currency Reserve.

The net increase in the Permanent Debt in India was Rs.18.36 crores, about Rs.35 crores new debt having been raised and about Rs.16½ crores of 1928 War Bonds discharged or converted into the new rupee loan. The floating debt in India was increased by Rs.6½ crores owing to issues of Treasury Bills to the Paper Currency Reserve.

Unfunded debt increased by Rs.8½ crores, of which Savings Bank Deposits accounted for nearly Rs.7 crores and Post Office Cash Certificates Rs.1·6 crores.

The Sterling Debt was increased by £7·15 million resulting from the issue of £10,000,000 Sterling Stock, partly set off by £564,150 of the British War Loan liability taken over by India redeemed within the year and the utilization of £1·64 million for Railway Sinking Funds and part repayment of the capital portion of the Railway Annuities.

1929–30.

The Budget provides for a capital outlay of Rs.33½ crores on the construction of State Railways; Rs.68 lakhs on Posts and Telegraphs; Rs.40 lakhs on Vizagapatam Port; Rs.31 lakhs in respect of the commuted value of pensions, and Rs.71⅔ lakhs on the new Capital at Delhi; for the discharge in India of

Permanent Debt amounting to Rs.34·2 lakhs, and

Treasury Bills issued to the public of Rs.94¾ lakhs.

and in England of:—

£5,270,025 for the purchase of the Southern Punjab Railway on 31st December, 1929;

£1,492,125 for part capital redemption of the railway annuities created in purchase of railways;

£592,050 redemption of liabilities assumed in respect of British 5 per cent. War Loan, 1929–47; and

£200,000 for the statutory sinking funds established in connection with the purchase of the East Indian, Eastern Bengal, and the Scinde Punjab and Delhi Railways.

The Budget provides for the issue of a Sterling Loan of an amount which, after deducting discount, will produce the sum of £5,270,025 required for the purchase of the Southern Punjab Railway. It also assumes a Rupee Loan of Rs.18 crores cash and net receipts of Rs.9.6 crores and Rs.60 lakhs from Savings Bank deposits and Post Office Cash Certificates, respectively.

Indian Treasury Bills of 3 and 9 months' currency were sold by tender in India, between 16th April and the 14th May, 1929, to an aggregate amount of Rs.9.96 crores.

On 27th May, 1929, £6,000,000 9 months' India Bills were issued in London to provide funds for capital expenditure on Railways and for general purposes. The applications amounted to £6,372,000. Tenders at £95 12s. 11d. received about 26 per cent. and above in full. The average rate at which allotment was made was £5 13s. 1·03d. per cent. per annum.

The Rupee Loan of 1929 was open to subscription from 20th to 28th June, 1929. It was issued in two forms namely :—(1) 5 per cent. Loan, 1939–44, issued at Rs.96½ per cent.; and (ii) 5 per cent. Bonds, 1935, issued at Rs. 98 per cent. Subscriptions to the 1939–44 Loan were accepted in the form of cash, Indian Treasury Bills and 6 per cent. Bonds, 1930, 1931 and 1932, and to the 1935 Bonds in the form of cash, Indian Treasury Bills and 6 per cent. Bonds, 1930, provided that in the latter case an equal amount of such Bonds were subscribed to the 1939–44 Loan. 6 per cent. Bonds 1930, 1931 and 1932 were accepted in subscription as equivalent of cash at Rs.102, Rs.103⅛ and Rs.104⅛ per cent. respectively, and Indian Treasury Bills at face value less a discount of 4 per cent. and 4¾ per cent. on the unexpired portion of the 3 and 9 months' Bills respectively. A Depreciation Fund has been instituted in connection with the 1939–44 Loan. The 1939–44 Loan will be accepted at its issue price as the equivalent of cash in subscription to any future loan of the Government of India having a currency of 10 years or more and maturing after 15th July, 1944.

The results of the issue were as follows :—

Form of subscription.	*Lakhs of rupees.*
Cash and Treasury Bills	13,62
1930 Bonds	13,99
1931 Bonds	4,17
1932 Bonds	5,08
	36,86

Applications were made for the two forms of the issue as follows :—

1939–44 Loan	28,81
1935 Bonds	8,05
	36,86

The amount of the permanent and floating public debt of the Government of India (Central Government) outstanding is given in the following table. The figures include debt incurred on behalf of Provincial Governments, the debenture stocks of various railways taken over by the Secretary of State on the transfer of the lines, and the capital value of liabilities undergoing redemption by way of terminable railway annuities.

	In India‡	In England*
	Rs.	£
31st March, 1928..	4,11,77,39,918	344,395,519
31st March, 1929 (Revised Estimate) ..	4,36,70,88,918	353,381,516
31st March, 1930 (Budget Estimate) ..	4,53,53,93,918	357,141,200

‡Excludes Post Office Cash Certificates.
*Includes liability for British Government 5 per cent. War Loan, 1929–47, taken over by India.

A statement of the interest-bearing obligations (including the public debt) of the Government of India is given on page 16.

Railways.

On the 31st March, 1928, the length of railways in India open for traffic was 39,712 miles, of which 699 miles were opened in the preceding twelve months. The total route mileage under construction at the close of the year was 2,425 miles (*See also* App. II (*b*) (i), page 33).

The capital expenditure on railways shown in the Government Accounts for 1927–28 and Estimates for 1928–29 and 1929–30, is as follows:

	Accounts, 1927–28.	Revised Estimate, 1928–29.	Budget, 1929–30.
	Rs.	*Rs.*	*Rs.*
Outlay on lines worked by the State and by guaranteed companies:—			
(1) From funds provided by the State ..	33,14,98,843	30,00,00,000†	33,52,67,000§
(2) From funds raised through companies or provided from other sources ..	*—66,56,666*	*—4,00,00,000*	—
	*32,48,42,177	26,00,00,000	33,52,67,000

* The figures in the above table have been arrived at after allowing for adjustment in respect of exchange.
† Includes £3,000,000 paid to the Burma Railway Company in repayment of their capital holding on transfer of the line to State management on 31 Dec., 1928.
§ Includes £5,270,025 to be paid to the Southern Punjab Railway Company in purchase of their line.

In addition to the above figures, capital expenditure is incurred on branch lines from funds deposited by Branch line Companies or advanced by the Government.

The following table shows the capital outlay on all State lines up to the end of the year and the net return obtained. (*See* also Appendix II (*b*) (ii) page 34):—

——	Accounts, 1927-28.	Revised Estimate, 1928-29.	Budget, 1929-30.
Capital at charge at end of each year (Central Government)	*Rs.* 7,13,71,69,266	*Rs.* 7,43,71,69,266	*Rs.* 7,77,24,36,266
Working profit from railways excluding interest charges ..	38,11,98,631	38,40,10,000	39,94,95,000
Percentage of same to capital at charge ..	5·34%	5·16%	5·16%
Final working profit after meeting interest charges	*Rs.* 10,84,90,531	*Rs.* 8,90,90,000	*Rs.* 9,50,45,000
Percentage of same to capital at charge ..	1·52%	1·20%	1·22%

Posts and Telegraphs.

In the Budget for 1929-30 provision has been made of Rs.68·13 lakhs for capital outlay not charged to revenue on the Indian Postal and Telegraph and the Indo-European Telegraph Departments. The corresponding figures for 1928-29 were:—Budget Estimate, Rs.68·02 lakhs; Revised Estimate, Rs. 59·37 lakhs.

Expenditure on the New Capital at Delhi.

The capital expenditure incurred, or estimated to be incurred, during the three financial years under review, on permanent works at Delhi, is as follows:—

	Rs.
1927-28 (Accounts)	46,57,732
1928-29 (Revised Estimate)	49,72,000
1929-30 (Budget Estimate)	71,66,000

The total actual capital expenditure incurred up to 31st March, 1928, was Rs.13,06,26,143.

Other Capital Expenditure.

Provision has also been made for the following items of expenditure of the Central Government charged outside the Revenue account:—

——	Accounts, 1927-28.	Revised Estimate. 1928-29.	Budget, 1929-30.
	Rs.	*Rs.*	*Rs.*
Construction of Irrigation works	6,751	1,16,000	1,99,000
Capital Outlay on Vizagapatam Port	29,04,954	32,00,000	40,00,000
Payment of commuted value of pensions ..	44,26,219	33,43,000	31,17,000
Capital outlay on Security Printing	*—9,76,514*	*—4,48,000*	45,000
Capital outlay on Currency Note Printing Press	12,94,577	3,02,000	52,000
Capital Outlay on Bombay Land Scheme ..	20,74,500	—	—
Capital outlay on Lighthouses and Light Ships	—	—	8,000

Interest-bearing obligations of the Government of India.

The following table exhibits the interest-bearing obligations of the Government of India and shows also the portion of Indian Debt incurred on behalf of Government Commercial undertakings and of the Provincial Governments.

Statement showing the interest-bearing obligations and certain interest-bearing assets of the Government of India, at the close of each financial year.

	31st March, 1925.	31st March, 1926.	31st March, 1927.	31st March, 1928.	31st March, 1929. (Estimated.)
In India :		(In crores of rupees.)			
Loans (*a*)	370·38	368·29	374·44	372·25	390·61
Treasury Bills in the hands of the public	—	—	—	7·59	6·95
Treasury Bills in the Paper Currency Reserve	49·65	49·65	41·47	31·94	39·15
Other Obligations :—					
Post Office Savings Banks	25·64	27·23	29·51	32·67	34·74
Cash Certificates	13·12	20·96	26·68	30·70	32·30
Provident Funds, etc.	42·39	46·36	51·02	55·82	60·42
Depreciation and Reserve Funds	9·08	15·45	20·10	25·48	31·85
Provincial Balances (*b*)	4·83	11·87	10·49	10·48	8·09
Total Loans, etc.	420·03	417·94	415·91	411·78	436·71
Total Other Obligations	95·06	121·87	137·80	155·15	167·40
Total in India	515·09	539·81	553·71	566·93	604·11
In England :	(*c*)	(*e*)	(In millions of £.)		
Loans (*a*)	263·39	266·35	265·09	272·32	282·05
War Contribution	18·81	18·32	17·81	17·28	16·72
Capital value of liabilities undergoing redemption by way of terminable railway annuities	58·84	57·53	56·19	54·79	53·35
Provident Funds, etc.	·16	·21	·27	·19	·42
Total in England	341·20	342·41	339·36	344·58	352·54
Equivalent at 1*s.* 6*d.* to the Rupee	454·93	456·55	(In crores of rupees.) 452·48	459·44	470·05
Total Interest-bearing obligations	970·02	996·36	1,006·19	1,026·37	1,074·16
Interest-yielding assets :	(*d*)	(*f*)			
(i) Capital advanced to Railways	578·05	605·61	635·46	668·60	698·60
(ii) Capital advanced to other Commercial Departments	22·00	17·77	19·16	20·60	21·75
(iii) Capital advanced to Provinces	106·43	114·60	120·17	126·34	136·95
(iv) Capital advanced to Indian States and other interest-bearing loans	10·16	11·84	12·11	13·91	15·43
Total Interest-yielding assets	716·64	749·82	786·90	829·45	872·73
Cash bullion and securities held on Treasury account	57·35	51·96	37·48	24·26	30·57
Excess of interest-bearing obligations over interest-yielding assets	196·03	194·58	181·81	172·66	170·86

(*a*) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.

(*b*) The figures represent those portions of provincial balances which bear interest either because they form part of the old Famine Insurance Fund or the present Famine Relief Fund or because they have been placed with the Government of India on fixed deposit.

(*c*) Includes the liability assumed by the Secretary of State for East Indian Railway Debenture Stock, aggregating £18½ millions, on the termination of the contract with that Railway on the 1st January, 1925. It therefore does not represent any increase in the foreign indebtedness of the country as a whole.

(*d*) Includes 27·07 crores on account of the liability referred to in (*c*) above.

(*e*) Includes the liability assumed by the Secretary of State for the Great Indian Peninsula Railway Debenture Stock, aggregating £3½ millions, on the termination of the contract with that Railway on the 1st July 1925. *Vide* also last sentence under (*c*) above.

(*f*) Includes 4·88 crores on account of the liability referred to in (*e*) above.

Apart from the cash, bullion and securities held on Treasury account, the Central Government held on 31st March, 1929, £40,000,000 in the Gold Standard Reserve. (*See* page 8).

V.—GENERAL STATEMENT OF THE RECEIPTS AND DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

The following table shows the opening balances, receipts, disbursements and closing balances, estimated or actual, of the Government of India in 1927-28, 1928-29, and 1929-30.

	Accounts, 1927-28.	Budget, 1928-29.	Revised Estimate, 1928-29.	Budget, 1929-30.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Opening Balance, India	27,87,75,069	12,73,48,069	9,16,10,089	11,73,63,089
Opening Balance, England	(a)4,31,13,304	(a)8,07,11,307	(b) 7,54,87,402	(b) 7,29,96,402
Total Opening Balance	32,18,88,373	20,80,59,376	16,70,97,491	19,03,59,491
RECEIPTS—				
Revenue Surplus	—	5,06,000	—	—
Capital Contributions by Railway Companies and Indian States towards construction of State Railways	21,594	2,03,80,000	83,14,000	2,65,19,000
Permanent Debt (net incurred)	4,38,87,984	12,86,09,000	27,89,08,000	22,12,02,000
Floating Debt (net incurred)	—	—	6,57,50,000	—
Unfunded Debt (net incurred)	11,86,63,478	11,74,84,000	8,58,25,000	10,23,34,000
Deposits and Advances (net)	7,90,46,716	7,08,43,000	—	6,58,81,000
Railway Depreciation and Reserve Funds	4,99,49,879	6,45,30,000	5,95,14,000	5,35,73,000
Remittances (net)	19,22,402	26,53,000	15,20,000	1,08,000
Balances of Provincial Governments (net)	—	—	—	—
Total Receipts	29,34,92,053	40,50,05,000	49,98,31,000	46,96,17,000
Total	61,53,80,426	61,30,64,376	66,69,28,491	65,99,76,491
DISBURSEMENTS—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Capital Outlay on Security Printing	*—9,76,514*	67,000	*—4,48,000*	45,000
Construction of State Railways	32,48,42,177	24,00,00,000	26,00,00,000	33,52,67,000
Discharge of Debentures	66,78,260	2,03,80,000	83,14,000	2,65 19,000
Redemption of liabilities involved in the purchase of Railways	—	4,00,00,000	4,00,00,000	—
Capital Outlay on Indian Postal and Telegraph Department	46,87,947	68,02,000	59,37,000	68,13,000
Construction of Irrigation Works	6,751	1,74,000	1,16,000	1,99,000
Capital outlay on Vizagapatam Port	29,04,954	47,53,000	32,00,000	40,00,000
Payment of Commuted Value of Pensions	44,26,219	34,85,000	33,43,000	31,17,000
Initial Expenditure on new Capital at Delhi	46,57,732	78,68,000	49,72,000	71,66,000
Capital Outlay on Bombay Land Scheme	20,74,500	2,05,22,000	—	—
Capital Outlay on Currency Note Printing Press	12,94,577	17,000	3,02,000	52,000
Capital Outlay on Lighthouses and Lightships	—	—	—	8,000
Floating Debt (net Discharged)	1,94,60,000	—	—	94,75,000
Deposits and Advances (net)	—	—	1,44,91,000	—
Loans and Advances by Central Government (net Advances)	7,77,48,380	8,16,92,000	12,12,61,000	6,24,28,000
Balances of Provincial Governments (net)	4,77,952	13,05,000	1,50,81,000	2,58,11,000
Total Disbursements	44,82,82,935	42,70,65,000	47,65,69,000	48,09,00,000
Closing Balance	16,70,97,491	18,59,99,376	19,03,59,491	17,90,76,491
Total	61,53,80,426	61,30,64,376	66,69,28,491	65,99,76,491
DISTRIBUTION OF CLOSING BALANCE—				
Closing Balance, India	9,16,10,089	11,98,78,069	11,73,63,089	11,56,88,089
Closing Balance, England	(b)7,54,87,402	(a)6,61,21,307	(b)7,29,96,402	(b)6,33,88,402

(a) Of this amount, £183 represents the funds of the Gold Standard Reserve.
(b) Of this amount, £4,028 represents the funds of the Gold Standard Reserve.

VI.—GOLD STANDARD RESERVE.

In accordance with the recommendation made by Sir Henry Fowler's Committee, it was decided that, with effect from 1st April, 1900, the net profit from the coinage of rupees should not be treated as Revenue, but should be held as a special reserve, now called the Gold Standard Reserve.

The principal objects for which the Reserve is maintained are (1) to provide funds from which the Secretary of State for India can finance his requirements at times when remittance of funds from India through the usual market channels cannot conveniently be arranged, and (2) to furnish resources against which, in normal times, sterling drafts may, if necessity arises, be sold by the Government of India to remitters in India, with a view to preventing a depreciation of the exchange. The earlier history of the Reserve is described in the Explanatory Memorandum for 1922–23. [Command Paper 1766 of 1922.]

In 1921–22 and 1922–23 the assets of the Gold Standard Reserve in excess of £40,000,000, on the basis of current market prices, were appropriated in reduction of the outstanding fiduciary currency; but from 1923–24, the corresponding assets have been appropriated to revenue.

Statistics, etc., regarding the Gold Standard Reserve.

The total receipts from profit on coinage, interest and discount, and profit by exchange up to 31st March, 1929, were as follows:—

	£
Profits on Coinage—from 1900–01	28,573,606
Interest and discount	26,823,404
Profit by exchange	194,917
	55,591,927

Of this sum, £1,123,655 has been used for capital expenditure on railways; the remainder, out of which £2,866,217 has been transferred to the Paper Currency Reserve in reduction of created Rupee securities and £9,548,544 has been transferred to Revenue, has been credited to the Reserve. The following table shows the disposal of the sums paid to the Reserve up to 31st March, 1929, and the composition of the Reserve on that date:—

Summary of transactions.

	£	£
Profits on Coinage paid to Gold Standard Reserve—		
Total Profits realized since 1st April, 1900	28,573,606	
Deduct amount used for Capital Expenditure on Railways ..	*1,123,655*	
		27,449,951
Interest and discount received up to 31st March, 1929	26,823,404	
Profit by exchange ..	194,917	
Profit through appreciation	35,762	
		27,054,083
Profits and Interest paid to Reserve from 1st April, 1900, to 31st March, 1929		54,504,034
Deduct—		
Loss on Sale, Redemption, and Conversion of Securities ..	*2,068,699*	
Transferred to Paper Currency Reserve in reduction of created securities	*2,866,217*	
Transferred to Revenue	*9,548,544*	
Miscellaneous Charges	*20,574*	
		14,504,034
Amount of Reserve on 31st March, 1929 ..		£40,000,000

State of Reserve, 31st March, 1929.

	£
Sterling Securities held in England (estimated value):	
Treasury Bonds	32,047,393
Treasury Bills	5,797,231
	37,844,624
Gold deposited at Bank of England	2,152,334
Cash held in England	3,042
	£40,000,000

The net profit on the Gold Standard Reserve Investments up to 31st March, 1929, is shown below:—

	£	£
Estimated value of securities on 31st March, 1929		37,844,624
Cost price of securities held on 31st March, 1929		37,808,862
Gain through Appreciation		35,762
Loss on sale and redemption of securities ...		2,068,699
Net Loss		2,032,937
Miscellaneous charges		20,574
Total of losses and charges		2,053,511
Interest and Discount received up to 31st March, 1929	26,823,404	
Profit by exchange	194,917	
		27,018,321
Net profit on investments		24,964,810

VII.—EXCHANGE AND REMITTANCE.

The sales in London by the Secretary of State of Bills and Transfers on India, the purchases of sterling in India by the Government of India and the purchases by the Secretary of State of proceeds of loans raised in London by Indian public bodies during the last ten years, have been as follows:—

Year.	Sale of Bills and Transfers on India by the Secretary of State.	Purchases of Sterling by the Govt. of India.	Purchases by the Secretary of State of proceeds of Loans raised in London by Indian public bodies.	Total.	Average Rate of Exchange per Rupee.
	£	£	£	£	s. d.
1919-20..	27,524,437*	—	—	27,524,437	1 10·643
1920-21..	nil	—	—	nil	—
1921-22..	nil	—	—	nil	—
1922-23..	2,570,026	70,000	2,126,210	4,766,236	1 4·200
1923-24..	8,738,705	13,100,000	1,302,959	23,141,664	1 4·632
1924-25..	7,579,162	33,191,000	700,000	41,470,162	1 5·661
1925-26..	—	46,316,500	—	46,316,500	1 6·152
1926-27..	—	2,115,000	—	2,115,000	1 6·019
1927-28..	—	28,325,000	—	28,325,000	1 5·997
1928-29..	—	30,810,000	—	30,810,000	1 6·026

* In addition, £3,701,782 Council Bills were sold to Exchange Banks under special conditions at the rate of 1s. 4·52d.

The sales by the Government of India of immediate and deferred telegraphic transfers on London during the last ten years have been as follows:—

1919-20 .. £24,544,000 Transfers at average rate of 2s. 7·986d. the rupee for immediates and 2s. 6·009d. for deferreds.

1920-21 .. £30,988,000 Transfers at average rate of 2s. 2·102d. the rupee for immediates and 2s. 2·038d. for deferreds.

1921-22 .. *Nil.*

1922–23 .. *Nil.*
1923–24 .. *Nil.*
1924–25 .. *Nil.*
1925–26 .. *Nil.*
1926–27 .. £1,425,000 Immediate Transfers at an average rate of 1s. 5$\frac{3}{4}$*d.*
1927–28 .. *Nil.*
1928–29 .. *Nil.*

VIII.—SEA-BORNE TRADE.

The figures of Exports from, and Imports into, India during 1926–27, 1927–28 and 1928–29, are given in Appendix II (*c*) on pages 35 to 40.

WEDGWOOD BENN.

India Office,
21st August, 1929.

APPENDIX I.

NOTES ON CERTAIN HEADS OF NET REVENUE AND EXPENDITURE.

NET REVENUE.

Customs.

	Rs.
Accounts, 1927–28	48,21,41,872
Budget, 1928–29	50,18,37,000
Revised Estimate, 1928–29... ...	50,04,18,000
Budget, 1929–30	51,21,77,000

The present estimates of revenue include Rs.6 lakhs in 1928–29 and Rs.83·30 lakhs in 1929–30, being the anticipated proceeds of the enhancement, from 4 annas to 6 annas a gallon, of the import and excise duties on motor spirit in accordance with the recommendations of the Indian Road Development Committee. These proceeds do not, however, affect the revenue position of the Central Government as they are transferred to a Road Development Fund by debit to the revenue head of account "Civil Works." If, then, these amounts are excluded, the estimates stand as follows:—

	Rs. lakhs.
Revised, 1928–29	49,98,18,000
Budget, 1929–30	50,38,47,000

The revised estimate for 1928–29 as thus corrected falls short of the original budget by Rs.20 lakhs, and this, notwithstanding a large improvement of Rs.70 lakhs under sugar, conditions relating to the import of which have latterly been very favourable; of Rs.28 lakhs from mineral oils under the stimulus of the price war which has since ended; of Rs.70 lakhs from land customs including the Rs.40 lakhs thrown forward from 1927–28—an indication of the extent to which the re-establishment of the land customs line between Kathiawar and British India in July, 1927, has been instrumental in protecting the Central Government from loss; and of Rs.29 lakhs under motor spirit as a result of the rapid expansion of motor traffic in the country. The more important decreases are Rs.40 lakhs under cotton piece-goods for which the restriction of forward business by an important section of Calcutta merchants during the earlier portion of the year is largely responsible; Rs.21 lakhs under matches; Rs.42 lakhs under protective duties relating to iron and steel; Rs.24 lakhs under Government stores; Rs.22 lakhs in the export duty on rice as a result of Japan's embargo on imports

into that country and the growing competition of other rice-growing countries; and Rs.17 lakhs in the excise duty on kerosene which should really be set off against the larger receipts from the import duty on mineral oils already referred to.

The Budget estimate of revenue for 1929–30 as corrected above exceeds the revised estimate by Rs.40 lakhs despite a fall of Rs.80 lakhs under sugar and of Rs.36 lakhs under land customs. The former is justified by the wide variations which the revenue from this source has exhibited in the past, and the latter by the absence of large arrear receipts like those which helped to swell the revised estimate for 1928–29. The estimate, however, allows for moderate improvements under other heads, notably tobacco, cotton piece-goods, motor cars and cycles, protective duties relating to iron and steel, and export duty on rice.

The present estimates of expenditure include Rs.5½ lakhs in 1928-29 and Rs.7 lakhs in 1929–30 in respect of additional customs compensations payable to certain Indian States.

Details of the receipts under the respective items are given in the table on pages 116 to 118 of the Indian Budget for 1929–30 (H.C. 20 of 1929–30).

Taxes on Income.

	Accounts, 1927–28.	Budget, 1928–29.	Revised Estimate, 1928–29.	Budget, 1929–30.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Income Tax	12,92,83,038	13,92,47,000	13,71,30,000	13,64,26,000
Super Tax	3,98,71,299	4,90,75,000	4,95,93,000	4,78,02,000
Excess Profits Duty..	1,200	1,000	1,000	1,000
Miscellaneous Receipts	25,271	17,000	24,000	12,000
TOTAL TAXES ON INCOME	16,91,80,808	18,83,40,000	18,67,48,000	18,42,41,000
Deduct Refunds	*1,49,16,832*	*1,47,82,000*	*1,32,58,000*	*1,49,46,000*
TOTAL REVENUE	15,42,63,976	17,35,58,000	16,84,60,000	16,92,95,000
Deduct Share of Provincial Governments under Devolution Rules	*36,24,733*	*36,00,000*	*34,50,000*	*33,35,000*
Revenue of Central Government	15,06,39,243	16,99,58,000	16,50,10,000	16,59,60,000

The revised estimate of revenue for 1928–29 is less than the original budget by about Rs.50 lakhs—the net result of an increase of Rs.35 lakhs in refunds in pursuance of certain legal decisions and a drop of Rs.21 lakhs in income-tax revenue mainly in Bengal and Burma, partly counterbalanced by small improvements in other directions. Large arrear collections of super-tax in Bihar and Orissa have prevented a further fall.

The Budget estimate of revenue for 1929–30 is only about Rs.10 lakhs more than the revised estimate notwithstanding the fact that refunds are expected to be normal. The receipts would have been larger but for the industrial strikes in Bombay and at Jamshedpur in 1928–29 which will affect the collections in 1929–30.

Salt.	*Rs.*
Accounts, 1927–28	6,63,17,979
Budget, 1928–29	7,00,08,000
Revised Estimate, 1928–29	7,64,69,000
Budget, 1929–30	6,34,64,000

Speculation at Sambhar has resulted in abnormally large receipts in 1928–29, the additional revenue representing not an increase in consumption or even in clearances, but only an advance receipt of money which would have come in normally in 1929–30 under the operation of the credit system, had indents been spread more evenly. Other things being equal, this should lead to a corresponding deterioration in 1929–30.

Opium.

——	Accounts, 1927–28.	Budget, 1928–29.	Revised Estimate, 1928–29.	Budget, 1929–30.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Receipts—*Less* Refunds	3,94,52,254	3,47,77,000	3,47,77,000	3,05,57,000
Charges	*87,00,825*	*81,49,000*	*59,73,000*	*71,01,000*
Net revenue	3,07,51,429	2,66,28,000	2,88,04,000	2,34,56,000

The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries and from the sale to Provincial Governments of excise opium for internal consumption in India. Opium is exported under the system of direct sales to Foreign and Colonial governments, the system of auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from 7th April, 1926. In no case are exports permitted without an import certificate by the Government of the country of import as prescribed by the League of Nations.

It has been decided to reduce the total of the opium exported since the calendar year 1926 by 10 per cent. annually in each subsequent year until exports are totally extinguished at the end of 1935.

Excise opium is sold to Provincial Governments for internal consumption in India at a fixed price based on the cost of production. This opium is retailed to licensed vendors at rates fixed by the Provincial Governments and varying from Province to Province.

Exports of provision opium in 1928–29 were expected to total 6,675 chests, but will be reduced to 5,610 chests in 1929–30 under the arrangement mentioned above. This accounts for the fall of

Rs.42 lakhs in the Budget estimate in 1929–30. The Revised estimate of expenditure in 1928–29 shows a saving of Rs.22 lakhs owing to short deliveries and poorer outturn. Expenditure in 1929–30 is expected to be somewhat larger.

Railways.

	Accounts, 1927-28.	Revised Estimate, 1928-29.	Budget Estimate, 1929-30.
REVENUE.			
State Railways— (1)	Rs.	Rs.	Rs.
(1) Commercial Lines :—			
Gross Receipts	1,02,63,32,569	1,04,15,00,000	1,05,35,00,000
Deduct —			
Working Expenses	*63,29,69,005*	*64,65,70,000*	*65,17,00,000*
Surplus Profits paid to Indian States and Railway Companies	*1,57,13,502*	*1,79,00,000*	*1,25,00,000*
Net Receipts	37,76,50,062	37,70,30,000	38,93,00,000
(2) Strategic Lines :—			
Gross Receipts	1,60,54,862	1,60,00,000	1,65,00,000
Deduct :—			
Refunds of Revenue collected	*15,147*	—	—
Working Expenses	*1,94,66,412*	*1,99,30,000*	*2,03,00,000*
Net Receipts	*—34,26,697*	*—39,30,000*	*—38,00,000*
Total Net Receipts—Commercial and Strategic Lines	37,42,23,365	37,31,00,000	38,55,00,000
Subsidized Companies : Government Share of Surplus Profits	35,60,366	41,00,000	60,00,000
Interest on Depreciation and Reserve Funds	81,48,035	1,08,50,000	1,28,75,000
Other receipts	8,16,713	10,50,000	11,25,000
Transferred from Reserve to Revenue to meet in full the contribution to General Revenues	—	—	—
Total Revenue	38,67,48,479	38,91,00,000	40,55,00,000
EXPENDITURE.			
Interest Charges :—			
(1) Commercial Lines	25,93,05,443	28,07,00,000	29,04,00,000
(2) Strategic Lines	1,34,02,657	1,42,20,000	1,40,50,000
Total Interest Charges	27,27,08,100	29,49,20,000	30,44,50,000
Other Expenditure	55,49,848	50,90,000	60,05,000
Transferred to Reserve Fund	4,57,07,449	3,45,14,000	3,25,73,000
Total Expenditure	32,39,65,397	33,45,24,000	34,30,28,000
Total Payment from Railways to General Revenues	6,27,83,082	5,45,76,000	6,24,72,000
Comprising :—			
Contribution	5,49,29,358	5,23,19,000	6,11,86,000
One-third of Excess of Railway Surplus over three crores	78,53,724	22,57,000	12,86,000

In accordance with the resolution passed by the Legislative Assembly in September, 1924, railway finance was separated from the general finances of the Government of India with effect from 1924–25. After deducting all working expenses, including interest charges of commercial lines, the railways have now to make a contribution to general revenues equal to 1 per cent. on the capital at charge of the commercial lines in the penultimate year *plus* one-fifth of surplus profits in such penultimate year and one-third of the amount remaining available for transfer to Railway reserves in excess of Rs. 3 crores, but from the amount of these contributions are deducted the interest on capital and loss in working of strategic lines.

The net payments due from the Railways to general revenues of the Central Government in 1927–28, 1928–29 and 1929–30, calculated in the manner explained above, are as follows :—

	Accounts, 1927–28.	Revised Estimate, 1928–29.	Budget Estimate, 1929–30.
	Rs.	*Rs.*	*Rs.*
1 per cent. on Capital at charge, commercial lines	6,00,80,310	6,30,00,031	6,62,32,577
One-fifth of surplus profit	94,76,296	56,61,685	1,18,26,142
	6,95,56,606	6,86,61,716	7,80,58,719
Deduct Interest on capital and loss in working of strategic lines	*1,46,27,248*	*1,63,42,259*	*1,68,72,756*
Contribution	5,49,29,358	5,23,19,457	6,11,85,963
One-third of excess of railway surplus over 3 crores ..	78,53,724	22,57,000	12,86,000
Total payment to general revenues	6,27,83,082	5,45,76,457	6,24,71,963

The foregoing tables and the Net Revenue table on page 6 show that the net revenue of the Central Government from the Railways is as follows, viz. :—

1927–28, Accounts, Rs.6,27,83,082; 1928–29, Budget, Rs.5,48,00,000; 1928–29, Revised Estimate, Rs.5,45,76,000; and 1929–30, Budget, Rs.6,24,72,000.

The gains from Commercial lines in the same years are: 1927–28, Accounts, Rs.12,54 lakhs; 1928–29, Revised Estimate, Rs.10,71 lakhs; and 1929–30, Budget, Rs.11,26 lakhs.

Some substantial reductions in rates and fares were made in 1928–29.

The Railway Depreciation and Railway Reserve Funds are estimated to have closing balances on 31st March, 1930, of Rs.13,61 lakhs and Rs.22,56 lakhs, respectively.

The Burma Railways were transferred to State management on termination of the Company's contract and repayment of their capital holding in the undertaking on 31st December, 1928, and the Southern Punjab Railway will be purchased by the Secretary of State on 31st December, 1929, following his decision to terminate the Company's contract on that date.

Posts and Telegraphs.

—	Accounts, 1927-28.	Budget, 1928-29.	Revised Estimate, 1928-29.	Budget, 1929-30.
	Rs.	*Rs.*	*Rs.*	*Rs.*
INDIAN POSTAL AND TELEGRAPH DEPARTMENT:—				
Gross Receipts	10,82,71,046	11,38,86,000	11,23,47,000	11,59,97,000
Less Working Expenses	*10,53,53,180*	*10,79,22,000*	*10,89,14,000*	*11,02,06,000*
Interest on Debt	*55,33,004*	*59,41,000*	*62,90,000*	*65,74,000*
	11,08,86,184	*11,38,63,000*	*11,52,04,000*	*11,67,80,000*
Net Revenue	*—26,15,138*	23,000	*—28,57,000*	*—7,83,000*
Capital Outlay charged to Revenue ..	*15,77,754*	*17,00,000*	*15,22,000*	*10,00,000*
Net Receipts *or Expenditure* ..	*—41,92,892*	*—16,77,000*	*—43,79,000*	*—17,83,000*
INDO-EUROPEAN TELEGRAPH DEPARTMENT:—				
Gross Receipts	34,06,321	31,51,000	29,21,000	28,98,000
Less Working Expenses	*31,78,526*	*33,78,000*	*31,40,000*	*29,16,000*
Interest on Debt	*5,12,685*	*5,21,000*	*5,39,000*	*5,57,000*
	36,91,211	*38,99,000*	*36,79,000*	*34,73,000*
Net Revenue	*—2,84,890*	*—7,48,000*	*—7,58,000*	*—5,75,000*
Capital Outlay charged to Revenue ..	*2,49,933*	*4,000*	*60,000*	*—11,000*
Net Receipts *or Expenditure* ..	*—5,34,823*	*—7,52,000*	*—8,18,000*	*—5,64,000*

A commercial system of accounts has been introduced into both of these Departments with effect from 1925–26. The figures of " Net Revenue " shown in the above statement indicate the gain or loss on the working on a commercial basis.

In the Posts and Telegraphs Department, the large loss of about Rs.29 lakhs in 1928–29 is the combined result of a drop of Rs.15 lakhs in gross receipts owing mainly to the reduction in the rate for foreign telegrams not having been followed by the expected growth in traffic; of an increase of Rs.10 lakhs in working expenses due to the under-estimation of the cost of the revisions of pay and other concessions granted to the staff in recent years; and of an increase of about Rs.4 lakhs in interest charges. The loss in 1929–30 is now expected to be under Rs.8 lakhs on the assumption of a moderate improvement in the receipts. It will be only slightly less than what has been estimated to be the cost of the non-commercial activities of the wireless branch of the Department.

The Indo-European Department estimates slightly better results in 1929–30 than in 1928–29. The reduction in receipts due to competition with Beam Wireless is expected to be rather more than made up by a reduction in working expenses.

Currency and Mint.	*Rs.*
Accounts, 1927–28	1,89,79,402
Budget, 1928–29	1,79,18,000
Revised Estimate, 1928–29	1,94,60,000
Budget, 1929–30	2,34,75,000

The greater part of the net revenue receipts shown under Currency ordinarily arises from the interest on the securities in the Paper Currency Reserve, and in respect of loans to the Imperial Bank against inland bills of exchange. Under the Indian Paper

Currency Act this interest was earmarked for reduction of created securities in the Paper Currency Reserve. This provision has, however, been temporarily suspended since 1921–22 by legislation and the interest credited to revenue.

The Revised estimate of expenditure in 1928–29 is swollen to the extent of about Rs.6 lakhs representing the loss on the withdrawal of redundant silver coin, mainly in connection with the operations of the silver refinery.

Provincial Contributions and Adjustments.

—	Accounts, 1927–28.	Budget, 1928–29.	Revised Estimate, 1928–29.	Budget, 1929–30.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Contributions	—	—	—	—
Miscellaneous adjustments (net receipts)	2,59,699	—	3,42,000	—

Contributions.—It was provided by the Devolution Rules, made under Section 45A of the Government of India Act, that in the year 1921–22 contributions of specified amount, and in future years similar contributions or such smaller sums as might be determined by the Governor-General in Council, should be paid by the Local Governments to the Government of India. If for any year the total of the contributions was reduced, reductions should be made in respect of those Local Governments only whose last previous annual contribution should have exceeded the specified proportion of the smaller sum so determined as the total contribution, and any reduction so made should be proportionate to such excess.

The contributions in the first year of the reformed constitution aggregated Rs.983 lakhs, and have been gradually reduced as the revenue position of the Central Government allowed. No contributions have been payable to the Central Government since 1926–27.

Adjustments.—The net revenue in 1928–29 represents the difference between a recovery due from Bombay in connection with the readjustment of the value of the stock of non-postal stamps held on the 1st April, 1921, and a re-imbursement to the Shan States Federation of audit charges erroneously recovered from it in the past.

Extraordinary Receipts.

	Accounts 1927–28.	Budget 1928–29.	Revised Estimate 1928–29.	Budget 1929–30.
	Rs.	Rs.	Rs.	Rs.
Receipts	2,35,60,337	26,67,000	26,68,000	1,19,69,000
Payments	*18,22,484*	*4,50,000*	*31,13,000*	*2,25,000*
Net Receipts or Net Payments ..	2,17,37,853	22,17,000	*4,45,000*	1,17,44,000

This head of account was opened for the first time in 1923–24 to record special receipts and charges of a non-recurring character, which it was considered desirable to distinguish from the ordinary revenue and expenditure of Government.

Rs. 221·48 lakhs and Rs. 89·69 lakhs of the receipts in 1927–28 and 1929–30, respectively, and Rs.29·63 lakhs of the payments in the Revised Estimate for 1928–29 represent transfers from and to the Revenue Reserve Fund in order to balance the accounts and estimates. (*See* also page 5.)

The receipts in 1928–29 and Rs.30 lakhs of the receipts in 1929–30 represent India's share of the Dawes annuities. These annuities are being appropriated for the reduction or avoidance of debt.

Net Expenditure.

Debt Services.

—	Accounts, 1927-28.	Budget, 1928-29.	Revised Estimate, 1928-29.	Budget 1929-30.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Gross payments for Interest on Debt ..	37,46,16,947	37,49,51,000	38,81,97,000	38,98,42,000
Deduct amounts chargeable to—				
Railways	*25,75,21,763*	*27,47,02,000*	*27,99,03,000*	*29,03,44,000*
Irrigation	*12,02,411*	*12,15,000*	*12,20,000*	*12,28,000*
Posts and Telegraphs	*62,12,262*	*66,14,000*	*69,97,000*	*72,99,000*
Other Heads	*13,75,280*	*20,79,000*	*19,42,000*	*23,30,000*
Provincial Loans Fund	*5,46,08,423*	*5,74,50,000*	*5,87,93,000*	*6,20,89,000*
Total Deductions	*32,09,20,139*	*34,20,60,000*	*34,88,55,000*	*36,37,90,000*
Interest on Ordinary Debt..	5,36,96,808	3,28,91,000	3,93,42,000	2,60,52,000
Interest on other Obligations	5,19,73,749	6,21,84,000	6,32,08,000	7,26,57,000
Reduction or avoidance of Debt	5,04,43,000	5,39,86,000	5,38,38,000	5,72,79,000
Total	15,61,13,557	14,90,61,000	15,63,88,000	15,59,88,000
Interest Receipts on loans, &c., in India and England	*3,61,90,602*	*2,91,97,000*	*3,57,55,000*	*3,45,64,000*
Net Interest Payments (other than those chargeable to Commercial Departments and Provincial Loans Fund)	11,99,22,955	11,98,64,000	12,06,33,000	12,14,24,000

The receipts in England are as estimated by the Secretary of State early in February on the basis of the information then available regarding the volume and composition of the Home balances, the prevailing interest rates, etc. The rise in the Bank of England's discount rate in February and the consequent fall in the prices of British securities has adversely affected the actual receipts in 1928–29 to a considerable extent.

The revised estimate of gross payments of interest on ordinary debt during 1928–29 shows an increase of Rs.1,33 lakhs as compared with the original budget: borrowing operations have been larger and there has also been an increase in the borrowing rate.

At the same time, however, the amounts charged to the Commercial Departments and the Provincial Loans Fund have also increased by Rs.55 lakhs and Rs.13 lakhs respectively. In the former case, the increase is mainly due to a change in the method of calculating the average rate of interest charged to Commercial Departments in respect of capital outlay incurred after the 31st March, 1917. The rate now takes into account the loss which the general revenues suffer through the tax-free concession attached to certain portions of the rupee debt. As a result of the revised arrangement, the amount of interest chargeable to railways and to Posts and Telegraphs during 1928–29 has been increased by Rs.59 lakhs and Rs.2 lakhs respectively. For the rest, the amount recoverable from the Railways would have been higher as a result of the larger capital outlay incurred in both 1927–28 and 1928–29, but for the change in the method of accounting of interest on advances referred to above. The net interest payable in 1928–29 is Rs.65 lakhs more than was provided for in the budget estimate and the excess is just covered by the improvement in interest receipts. The discount on the year's rupee loan (Rs.1,19·29 lakhs) and that on the sterling loan (£900,000) have not been charged to revenue at once but will be provided for by separate discount sinking funds, so that the charge to revenue will be spread over the periods of currency of the loans.

Under Interest on other Obligations, the increase in the revised estimate of 1928–29 is accounted for by the larger provision for bonus on Post Office Cash Certificates. The budget estimate for 1929–30 allows for Rs.1,10 lakhs on this account against Rs.60 lakhs taken in the revised estimate for 1928–29. The accrued liability for bonus on cash certificates is estimated to stand at Rs.7¼ crores on 1st October, 1929.

Provincial Loans Fund.—A Provincial Loans Fund was established with effect from 1st April, 1925, to systematise the arrangements by which advances are made by the Central Government to the Provincial Goverments. Advances to the Provincial Governments, which were previously made direct to them by the Central Government, are now made from the Provincial Loans Fund, which receives advances from the Central Government. As regards advances to Provincial Governments sanctioned prior to the constitution of the Fund, the latter simply takes the place of the Government *vis-à-vis* the Provinces. The Fund is charged with interest on the basis of the cost of new borrowing to the Government of India from time to time.

Interest on other obligations.—This includes interest on Post Office Savings Bank balances, bonus on Post Office Cash Certificates, and interest on Reserve and Depreciation Funds, Provident Funds, and on Fixed Deposits of Provincial Governments.

Reduction or Avoidance of Debt.—With effect from 1925–26 a scheme was introduced, for five years, to stabilise the annual provision from revenue for the reduction or avoidance of debt at Rs. 4 crores *plus* a sum representing one-eightieth of the net

amount of new debt contracted (up to the end of the previous year) since 31st March, 1923. In the Budget for 1929–30 the amount so provided was Rs.542·79 lakhs. This forms part of the total provision of Rs.572·79 crores, shown in the table on page 28, which includes also reparation receipts payable by Germany.

Military Services.

	Accounts, 1927-28.	Budget, 1928-29.	Revised Estimate, 1928-29.	Budget, 1929-30.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Army	50,03,62,496	50,81,96,000	50,52,66,000	50,41,35,000
Marine	61,61,368	68,43,000	68,60,000	68,60,000
Military Engineer Services	4,14,21,717	3,59,61,000	3,88,74,000	4,00,05,000
Total	54,79,45,581	55,10,00,000	55,10,00,000	55,10,00,000

It has been decided that for a period of four years beginning with the year 1928–29 and ending with the year 1931–32, the military budget will be stabilised each year at a figure of Rs.55 crores, to which will be added the amount required, at present estimated at Rs.10 lakhs, to give effect to measures arising out of the recommendations of the Shea Committee on the Auxiliary and Territorial Forces. Any savings which may accrue within the total of Rs.55 crores will be carried to a suspense account which may be drawn upon for expenditure in later years. This arrangement has been adopted in order to enable the military authorities firstly to carry out a programme of mechanisation and modernisation of equipment necessitated by recent developments in military organisation, and secondly to repair certain deficiencies in equipment which are mainly due to the policy of retrenchment. The situation has been explained fully in a statement made by the Army Secretary in the Indian Legislative Assembly on 5th September, 1928.

In accordance with this arrangement the revised estimates for 1928–29 stand at Rs.55·10 crores and the budget estimate for 1929–30 at the same figure. It has been found possible in 1928–29 to allot a sum of about Rs.1½ crores for expenditure on the military programme referred to above and it is anticipated that, after meeting the normal charges for the maintenance of the military services in 1929–30, slightly over Rs.2 crores will be available for the same purposes.

Marine.—The variations under Marine in the Budget for 1929–30 as compared with the revised estimate for 1928–29 are inconsiderable. The expenditure on account of developments in connection with reorganisation to be met from the sale proceeds of the Kidderpore Dockyard is estimated at Rs.8½ lakhs in 1929–30.

Military Engineering Services.—The increase in gross expenditure in 1929–30 is mainly due to special provision for accommodation in connection with the mechanisation of transport and other units. The variation in receipts is mainly due to the extent to which the Land Sales Suspense Account is drawn upon. To this account are credited all receipts from the disposal of lands and buildings surplus to requirements.

Civil Administration.

	Rs.
Accounts, 1927–28	10,22,08,656
Budget, 1928–29	10,68,13,000
Revised Estimate, 1928–29... ...	10,47,74,000
Budget, 1929–30	11,54,49,000

The Revised estimate of net expenditure on Civil Administration in 1928–29 shows a reduction of Rs.20·4 lakhs as compared with the Budget for the same year in spite of an increase of Rs.12 lakhs under Frontier Watch and Ward and of Rs.3 lakhs for bounties. This result was rendered possible by a saving of Rs.7 lakhs in the expenditure on India House and smaller savings under most of the other heads included in this group.

Net expenditure in 1929–30 is expected to be Rs.106¾ lakhs greater than the Revised estimate for 1928–29. Besides the annual increments, etc., which are responsible for a considerable portion of the increase, provision is made for Rs.29 lakhs for the outlay on India House, Rs. 16·4 lakhs for agricultural research, Rs.20 lakhs for new expenditure on civil aviation, Rs.15 lakhs for further expenditure on Frontier Watch and Ward, Rs.4 lakhs for reclamation operations in the Andamans, and Rs.8¾ lakhs for additional grants to the Benares Hindu University, the Bose Institute, and the Pasteur Institute.

Civil Works.

	Rs.
Accounts, 1927–28	1,42,40,607
Budget, 1928–29	1,58,90,000
Revised Estimate, 1928–29	1,55,21,000
Budget, 1929–30	2,40,90,000

The Revised Estimate for 1928–29 and the Budget for 1929–30 include Rs.6 lakhs and Rs.83·3 lakhs, respectively, for road development, the proceeds of the enhancement of the import and excise duties on motor spirit (*see* page 21). The Budget estimate for 1929–30 also includes Rs.3 lakhs for the New Central Hospital, Delhi, and Rs.3 lakhs for development work in Old Delhi.

APPENDIX II. (*a*).

HOME CHARGES.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1927-28.	Revised Estimate, 1928-29.	Budget, 1929-30.
	£	£	£
Direct demands on the Revenues :—			
Stores for India	4,161	5,250	6,900
Leave Allowances and Miscellaneous	50,544	51,550	47,100
Railway Revenue Account :—			
Interest	8,656,815	8,823,600	8,957,100
Government share of Surplus profits	*193,102*	*203,775*	*340,800*
Leave Allowances and Miscellaneous	410,141	417,300	440,400
Irrigation Revenue Account :—			
Leave Allowances	5,270	5,775	5,175
Posts and Telegraphs :—			
Indian Postal and Telegraph Department : Leave Allowances and Miscellaneous	50,454	55,950	58,350
Indo-European Telegraph Department	*104,594*	*83,625*	*86,425*
Debt Services :—			
Interest on Ordinary Debt (less interest realised from investment of Cash Balance)	4,260,323	4,351,800	4,410,300
Interest, Discount, etc., on Gold Standard Reserve credited to Revenue	*1,833,936*	*1,844,400*	*1,760,100*
Liability assumed in respect to British 5 per cent. War Loan, 1929–47 : Interest	890,390	863,850	835,950
Management of Debt	220,589	249,450	181,575
Interest on Other Obligations	9,245	12,150	22,275
Civil Administration :—			
Home Administration :—			
India Office: Salaries and Contingencies	212,725	213,075	217,800
High Commissioner's Office : Salaries and Contingencies	95,730	158,025	182,625
Expenditure in connection with new offices	18,506	75,000	219,975
Audit Office : Salaries	16,183	16,425	16,875
Contribution by His Majesty's Treasury in respect of the Administrative Expenses of India Office.	*114,338*	*111,525*	*111,525*
Payments on account of Departments in India :—			
Stores for India	43,682	45,525	54,525
Leave Allowances and Miscellaneous	390,496	385,405	382,800
Currency and Mint :—			
Interest on Paper Currency Reserve Investments	*76,961*	*149,700*	*252,000*
Stores for India	252,720	88,275	72,000
Leave Allowances and Miscellaneous	6,090	7,425	7,425
Civil Works :—			
Leave Allowances and Miscellaneous	6,631	8,475	6,225
Miscellaneous :—			
Territorial and Political Pensions	11,007	8,925	8,925
Civil Superannuation Allowances and Pensions (including Home establishment Pensions)	1,389,198	1,413,750	1,374,125
Contribution to the Secretariat of the League of Nations	54,507	51,450	57,150
Other Miscellaneous Charges	26,837	21,320	46,350
Stationery and Printing :—			
Stores for India	28,001	31,950	50,025
Expenditure at the India Office and the High Commissioner's Office, Leave Allowances, etc.	9,656	12,225	11,850
Military Services (Army, Marine and Air Force) :—			
Home Charges of British Forces serving in India	1,663,703	1,766,325	1,791,675
Sea Transport Charges (less receipt of £130,000 from the War Office)	360,371	455,025	449,025
Unemployment Insurance	74,647	87,000	84,975
National Health Insurance	38,468	42,525	40,425
Aden Contribution	250,000	250,050	250,050

Net Expenditure.	Accounts, 1927-28.	Revised Estimate, 1928-29.	Budget, 1929-30.
Military Services (Army, Marine and Air Force) *continued*—	£	£	£
Contributions under Contributory Pensions Act, 1925 ..	113,787	125,850	121,200
Contribution to the expenses of His Majesty's Ships in Indian Seas	100,022	102,000	100,200
Furlough Pay	744,034	714,300	718,350
Stores	1,607,939	1,911,450	2,293,575
Marriage Allowances and Allotments	550,507	536,000	527,100
Other Effective Charges	56,905	14,100	23,500
Retired Pay of British Forces for Service in India	1,169,208	1,183,950	1,187,100
Retired Pay: Indian Services	1,932,826	1,960,800	2,006,475
Family and Miscellaneous (including Military Funds) Pensions	743,608	677,025	746,425
Extraordinary Receipts and Payments:—			
Receipts on account of "Dawes" Annuities..	*105,786*	*200,100*	*225,000*
Total	24,097,209	24,607,200	25,238,025
Expenditure by Secretary of State	19,735,340	19,917,075	20,007,825
„ „ High Commissioner	4,361,869	4,690,125	5,230,200
Total	24,097,209	24,607,200	25,238,025

Expenditure in England not charged on the Revenue of the year:—

Expenditure.	Accounts, 1927-28.	Revised Estimate, 1928-29.	Budget, 1929-30.
	£	£	£
Capital outlay on State Railways	10,894,674	10,500,000*	12,770,025†
New Capital at Delhi	42,911	39,600	44,250
Posts and Telegraphs	102,976	79,650	100,050
Vizagapatam Port..	11,116	23,175	4,200
Security Printing Press	33,662	—	—
Currency	—	3,675	3,000
Expenditure by Secretary of State	6,036,057	6,571,500	9,004,500
„ „ High Commissioner	5,049,282	4,074,600	3,917,025
Total	11,085,339	10,646,100	12,921,525

* Including £3,000,000 in repayment of the share capital of the Burma Railway.
† Including £5,270,025, the capital charge involved in the purchase of the Southern Punjab Railway

APPENDIX II. (*b*).

RAILWAYS.

(*i*). *Route Mileage and Traffic (including railways outside Government accounts).*

Length of railways open in India on 31st March, 1927	39,048·88 miles
Additional mileage opened in 1927-28	699·14 „
Length of railways open in India on 31st March, 1928*	39,711·58 „

		1926-27.	1927-28.
Number of passengers carried		604,371,800	623,114,800
Earnings from passengers carried	*Rs.*	38,11,85,000	39,18,09,000
Weight of goods traffic in tons		85,833,000	89,791,000
Earnings from goods tonnage	*Rs.*	65,08,28,000	69,40,65,000

* The length of railways open on 31st March, 1927, *plus* the mileage opened in 1927-28 does not agree with the length of railways open on 31st March, 1928, and the difference of 36·44 miles is made up as follows:—

18·75 miles closed to traffic during 1927-28;
8·27 miles of salt sidings handed over to the Salt Department, and
9·42 miles due to re-alignments and re-measurements.

(ii). *Capital at Charge and Net Revenue Receipts of State Railways.*

Class and Name of Railway.	Capital at Charge on 31st March, 1928.	Net Revenue Receipts, 1927-28.	Percentag of Net Revenue Receipts on Capital at Charge.
Commercial Lines.			
State Railways worked by the State :—	*Rs.*	*Rs.*	%
Aden	14,12,556	−26,881	−1·90
New Capital Railway Works, Delhi	76,27,792	—	—
East Indian (including South Bihar)	1,34,63,80,501	8,51,75,773	6·32
Eastern Bengal	46,15,60,023	2,48,55,763	5·38
Great Indian Peninsula	1,08,22,02,759	5,31,65,173	4·87
North-Western	98,35,10,673	4,98,62,392	5·06
Railway Collieries	90,01,416	—	—
State Railways worked by Companies or Indian States :			
Assam-Bengal	20,71,83,985	97,35,404	4·69
Bengal Nagpur	70,18,67,083	3,53,70,502	5·03
Bezwada (including Dhone Kurnool)	27,71,381	4,58,735	16·55
Bombay, Baroda and Central India	69,06,67,659	4,34,50,435	6·29
Burma (including Extension)	31,35,12,535	2,17,02,265	6·92
Jodhpur (British Section)	69,74,131	2,67,687	3·84
Lucknow-Bareilly (Rohilkhund and Kumaon)	1,55,13,336	20,96,875	13·51
Madras and Southern Mahratta	53,12,12,281	3,48,57,726	6·56
South Indian	30,61,32,469	2,27,19,036	7·42
Coonoor Ootacamund	50,28,262	—	—
Tinnevelly Quilon (British Section)	50,99,874	—	—
Tinnevelly Quilon (Indian State Section)	1,38,70,873	—	—
Tirhoot (Bengal and North-Western)	9,12,70,828	99,45,008	10·89
Contribution to Depreciation Fund on account of Company-Worked lines	—	−11,49,078	—
	6,78,28,00,417	39,24,86,815	5·79
Abandoned projects and other miscellaneous items	3,01,90,342	8,76,748	—
Total—Commercial Lines	6,81,29,90,759	39,33,63,563	5·76
Strategic Lines.			
North-Western	24,47,59,511	−34,26,697	−1·40
Frontier Railway Reserve	82,79,090	—	—
Campbellpur Railway Reserve	4,97,417	—	—
Tank Kaur Khirgi	37,36,320	—	—
Nushki Extension	3,45,92,770	—	—
Hindubagh-Fort Sandeman	19,89,908	—	—
Khyber	2,85,59,267	—	—
Zhob Valley Extension	17,64,224	—	—
Total—Strategic Lines	32,41,78,507	−34,26,697	−1·05
Grand Total	7,13,71,69,266	38,99,36,866*	5·45

* Differs from figure of "Working Profit" shown in table on page 15, which takes into account "Miscellaneous Receipts" and "Payments on account of Surplus Profits."

APPENDIX II. (*c*)

SEA-BORNE TRADE.

(*i*). *Summary of Sea-borne Trade.*

—	1926-27.	1927-28.	1928-29.
On Private Account.			
	Rs.	*Rs.*	*Rs.*
Exports of Merchandise	3,09,44,55,843	3,28,69,13,133	3,37,96,11,677
Imports of Merchandise	*2,31,22,08,176*	*2,49,84,66,270*	*2,53,24,19,200*
Net Exports of Merchandise	78,22,47,667	78,84,46,863	84,71,92,477
Net Imports of Gold	*19,40,05,448*	*18,09,99,956*	*21,19,86,978*
Net Imports of Silver	*19,76,65,278*	*13,88,21,712*	*13,04,25,016*
Net Imports or Exports *of Currency Notes*	*14,39,874*	*23,89,111*	*12,06,257*
Net Imports of Treasure	*39,31,10,600*	*32,19,10,779*	*34,36,18,251*
Net Exports of Merchandise and Treasure on Private Account.	38,91,37,067	46,65,36,084	50,35,74,226
Government Transactions.			
Imports of Merchandise	*9,59,76,127*	*11,68,74,299*	*10,09,19,619*
Exports of Merchandise	1,60,48,457	1,57,24,150	1,18,66,170
Net Imports of Merchandise	*7,99,27,670*	*10,11,50,149*	*8,90,53,449*
Net Imports of Gold	—	—	—
Net Imports or Exports *of Silver*	*10,15,057*	1,57,085	3,27,18,090
Net Imports or Exports *of Currency Notes*	9,18,488	41,61,061	15,00,680
Net Imports or Exports *of Treasure*	*96,569*	43,18,146	3,42,18,770

(*ii*). *Sea-borne Trade—Analysis of* Imports *of Merchandise showing the principal articles separately.*

—	1926-27.	1927-28.	1928-29.
A. *On Private Account.*			
I. Food, Drink and Tobacco :—	*Rs.*	*Rs.*	*Rs.*
A. Fish (excluding canned fish)	38,66,131	36,97,879	25,76,167
B. Fruits and Vegetables	1,61,76,496	2,01,93,711	1,68,39,388
C. Grain, Pulse and Flour	91,68,868	2,30,70,097	10,67,86,839
D. Liquors	2,92,99,810	3,02,11,447	2,94,83,630
E. Provisions and Oilman's Stores	5,77,63,701	6,40,60,141	6,21,24,467
F. Spices	3,29,15,492	2,57,85,141	2,94,02,555
G. Sugar	18,89,06,357	14,90,55,163	16,08,94,983
H. Tea	66,71,716	69,00,264	74,22,285
I. Other Food and Drink	1,49,18,571	2,00,43,616	1,73,69,768
J. Tobacco	2,56,10,669	2,91,32,346	2,74,59,528
Total, Class I.	38,52,97,811	37,21,49,805	46,03,59,610
II. Raw Materials and Produce and articles mainly unmanufactured :—			
A. Coal	31,39,336	58,48,244	32,96,166
B. Other Non-metallic mining and quarry products and the like	1,63,91,229	1,88,49,324	1,54,36,390
C. Fodder, Bran and Pollards	1,56,408	1,24,741	1,48,822
D. Gums, Resins and Lac	38,69,741	60,45,351	55,26,481
E. Hides and Skins, raw or undressed	21,96,364	27,52,808	23,77,477
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	5,83,219	2,66,395	1,73,663
G. Oils—Vegetable, Mineral and Animal	9,18,78,486	11,08,68,166	11,53,22,648
H. Oilcakes of all kinds	7,151	13,058	15,918
I. Paper making materials	34,99,451	40,27,949	41,50,943
J. Rubber, raw or crude	41,730	86,305	26,884
K. Seeds, including nuts for oils	9,52,311	18,63,029	22,18,284
L. Tallow, Stearine and Wax	33,53,011	28,01,363	26,24,526
M. Cotton, raw and waste	5,03,38,704	6,74,48,419	3,90,79,137
N. Jute, raw	5,534	3,352	4,672
O. Silk, raw and waste	1,14,61,225	1,45,40,487	1,23,59,154
P. Wool, raw	31,98,070	44,94,814	49,52,846
Q. Other Textile Materials	9,48,063	9,76,772	8,13,463
R. Wood and Timber	58,90,952	64,74,175	60,49,487
S. Miscellaneous	71,53 284	83,61,700	1,05,40,819
Total, Class II.	20,50,64,269	25,58,46,452	22,51,17,780

(ii). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately*—continued.

——	1926-27.	1927-28.	1928-29.
A. *On Private Account (continued).*			
III. Articles wholly or mainly manufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Apparel	2,34,99,966	2,31,43,237	2,51,11,251
B. Arms, Ammunition and Military Stores	68,86,995	70,64,540	76,64,257
C. Chemicals, Drugs and Medicines	4,71,09,749	5,02,64,703	4,91,50,108
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	7,33,70,081	7,63,11,412	7,76,92,594
E. Dyes and Colours	3,67,12,839	4,32,17,288	4,36,52,009
F. Electrical Goods and Apparatus (other than Machinery)	2,51,98,279	2,83,49,247	3,12,95,414
G. Furniture, Cabinetware and Manufactures of Wood and Timber	44,76,633	47,35,113	60,68,253
H. Glassware and Earthenware	3,36,20,347	3,29,89,032	3,11,22,975
I. Hides and Skins, tanned or dressed, and Leather	59,72,829	64,28,568	63,98,526
J. Machinery of all kinds, including Belting for Machinery	14,59,58,246	16,99,48,845	19,42,98,927
K. Metals, Iron and Steel, and Manufactures thereof	16,73,94,372	21,42,93,143	20,23,49,658
L. Metals, other than Iron and Steel, and Manufactures thereof.	7,06,34,704	6,96,08,246	6,73,41,927
M. Paper, Pasteboard and Stationery	3,90,16,464	3,92,28,893	4,31,36,706
N. Railway Plant and Rolling Stock*	3,25,19,136	4,76,86,710	—
O. Rubber Manufactures	2,10,53,794	2,70,80,296	2,85,86,295
P. Vehicles (excluding Locomotives, etc., for Railway)	6,39,93,148	7,69,36,648	11,00,59,866
Q. Cotton Yarns and Manufactures	65,04,73,976	65,15,67,540	63,24,36,749
R. Jute „ „	40,31,388	24,08,076	26,46,782
S. Silk „ „	3,45,09,584	3,60,37,849	3,77,07,473
T. Woollen „ „	4,14,38,132	4,91,86,972	4,52,33,720
U. Other Yarns and Textile Fabrics	5,71,14,683	7,15,99,495	6,50,63,047
V. Miscellaneous	9,54,71,350	9,83,37,068	9,59,49,275
Total, Class III	1,68,04,56,695	1,82,64,22,921	1,80,29,67,812
IV. Living Animals.—			
A. Horses	39,05,702	36,37,260	33,37,440
B. Other Living Animals	2,79,203	2,05,661	2,33,258
Total, Class IV.	41,84,905	38,42,921	35,70,698
V. Postal Articles not specified	3,72,04,496	4,02,04,171	4,04,03,300
Total value of Imports of Merchandise on Private Account	2,31,22,08,176	2,49,84,66,270	2,53,24,19,200
B. *Government Stores*	9,59,76,127	11,68,74,299	10,09,19,619
Grand Total, Imports of Merchandise	2,40,81,84,303	2,61,53,40,569	2,63,33,38,819

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately.*

——	1926-27.	1927-28.	1928-29.
INDIAN MERCHANDISE.			
A. *On Private Account.*	*Rs.*	*Rs.*	*Rs.*
I. Food, Drink and Tobacco :—			
A. Fish (excluding Canned Fish)	75,37,978	87,13,418	78,24,082
B. Fruits and Vegetables	89,88,557	1,05,[illegible],096	96,15,231
C. Grain, Pulse and Flour	39,24,89,596	42,92,03,059	33,69,42,417
D. Liquors	4,104	3,335	1,077
E. Provisions and Oilman's Stores	60,95,472	61,20,987	64,48,137
F. Spices	1,55,96,550	2,39,95,517	1,58,80,440
G. Sugar	5,78,297	7,81,493	5,48,062
H. Tea	29,03,77,502	32,48,49,243	26,60,44,198
I. Other Food and Drink	1,35,63,498	2,34,73,117	1,71,15,779
J. Tobacco	1,04,15,226	1,06,13,308	1,29,47,034
Total, Class I.	74,56,46,780	83,82,95,573	67,33,66,457

* Discontinued from April, 1928.

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

——	1926-27.	1927-28.	1928-29.
INDIAN MERCHANDISE—*cont.*			
A. *On Private Account.*			
II. Raw materials and produce and articles mainly unmanufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Coal	80,91,664	75,77,299	71,32,028
B. Other Non-Metallic mining and quarry products and the like	1,11,00,411	94,79,015	92,44,398
C. Fodder, Bran and Pollards	1,06,24,663	1,36,74,263	1,44,93,212
D. Gums, Resins and Lac	5,61,50,807	7,18,90,063	8,86,07,637
E. Hides and Skins, raw or undressed	7,17,96,544	8,80,94,418	9,55,97,664
F. Metallic Ores and Scrap Iron or Steel for remanufacture	2,46,69,705	3,30,17,088	2,99,90,545
G. Oils—Vegetable, Mineral and Animal	95,71,284	70,98,083	86,63,371
H. Oilcakes of all kinds	2,52,75,642	3,14,18,952	3,84,17,955
I. Paper-making Materials	1,12,878	1,32,773	1,47,968
J. Rubber, raw or crude	2,60,14,317	2,57,09,077	1,99,82,414
K. Seeds, including nuts for oils	19,08,77,178	26,69,29,831	29,62,51,658
L. Tallow, Stearine and Wax	14,00,179	11,15,195	7,97,063
M. Cotton, raw and waste	59,14,18,849	48,19,53,026	66,69,09,888
N. Jute „ „	26,78,04,139	30,66,25,972	32,34,91,538
O. Silk „ „	32,39,518	36,38,042	27,80,902
P. Wool „ „	3,93,14,109	4,36,03,409	4,88,53,653
Q. Other Textile Materials	82,76,795	81,30,413	87,56,449
R. Wood and Timber	1,60,12,958	1,63,71,219	1,74,89,236
S. Miscellaneous	2,50,63,426	2,69,21,906	2,50,91,065
Total, Class II.	1,38,68,15,036	1,44,33,80,044	1,70,26,98,644
III. Articles wholly or mainly manufactured :—			
A. Apparel	25,58,779	28,71,541	25,46,642
B. Arms, Ammunition and Military Stores	1,165	1,215	865
C. Chemicals, Drugs and Medicines	2,65,82,061	2,51,36,313	2,15,66 815
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	22,70,771	23,44,308	16,89,277
E. Dyes and Colours	1,24,15,115	1,69,03,539	1,28,30,004
F. Electrical Goods and Apparatus (other than Machinery)	—	—	—
G. Furniture, Cabinetware, and manufactures of wood and timber	6,38,275	6,39,008	4,86,181
H. Glass and Earthenware	2,49,307	2,91,994	2,51,611
I. Hides and Skins, tanned or dressed, and Leather	7,50,02,154	9,19,35,700	4,44,31,718
J. Machinery of all kinds, including belting for machinery	95,347	61,980	66,101
K. Metals, Iron and Steel, and manufactures thereof	1,41,27,732	1,80,16,606	2,12,96,339
L. Metals, other than Iron and Steel, and manufactures thereof	3,32,88,241	3,86,74,625	3,78,16,525
M. Paper, Pasteboard and Stationery	1,26,456	1,46,279	1,29,314
N. Railway Plant and Rolling Stock*	1,45,593	4,81,191	—
O. Rubber manufactures	1,04,291	54,826	13,339
P. Vehicles (excluding locomotives etc., for Railways)	27,527	32,248	20,449
Q. Cotton, yarns and manufactures	10,74,85,517	8,67,23,397	7,79,55,788
R. Jute „ „ „	53,18,08,673	53,56,42,723	56,90,49,215
S. Silk „ „ „	2,68,497	6,31,020	4,36,001
T. Woollen „ „ „	75,13,933	97,34,188	1,02,17,811
U. Other yarns and textile fabrics	9,85,891	8,86,181	11,95,775
V. Miscellaneous articles, wholly or mainly manufactured	3,74,00,094	4,45,46,262	4,38,90,557
Total, Class III.	85,30,95,419	87,57,55,144	89,58,90,322
IV. Living Animals:—			
A. Horses	36,280	42,550	1,10,700
B. Cattle	12,33,549	14,60,879	5,35,104
C. Sheep and Goats	22,26,517	26,91,637	29,38,809
D. Other living animals	3,35,949	4,91,494	4,10,406
Total, Class IV.	38,32,295	46,86,560	39,95,019

* Discontinued from April 1928.

(*iii*). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

—	1926-27.	1927-28.	1928-29.
INDIAN MERCHANDISE (*contd.*).			
A. Private Account.			
	Rs.	*Rs.*	*Rs.*
Class V. Postal Articles	2,49,68,754	2,94,18,045	2,53,25,323
Total Value of Exports of Indian Merchandise on private account	3,01,43,53,284	3,19,15,35,366	3,30,12,75,765
B. *Government Stores*, Exports of Indian Merchandise	1,31,38,961	1,26,86,179	1,06,04,624
Total Exports of Indian Merchandise	3,02,74,97,245	3,20,42,21,545	3,31,18,80,389
C. *Re-exports*—On Private Account ..	8,00,97,559	9,53,77,767	7,83,35,912
Government Stores ..	29,09,496	30,37,971	12,61,555
Total re-exports	8,30,07,055	9,84,15,738	7,95,97,467
Grand Total, Exports of Merchandise	3,11,05,04,300	3,30,26,37,283	3,39,14,77,856

(*iv*). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin.*

Note.—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1926-27.	1927-28.	1928-29.
British Empire :—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	1,10,53,42,516	1,19,21,01,021	1,13,20,87,925
Aden and Dependencies	52,91,625	66,01,213	62,76,546
Mesopotamia*	70,04,670	—	—
Ceylon	1,37,14,918	1,90,06,847	2,10,55,005
Straits Settlements (including Labuan)	5,82,12,992	5,84,21,731	5,11,59,129
Hong Kong	90,21,157	1,15,80,774	75,96,451
Union of South Africa	31,84,175	54,11,476	52,83,167
Mauritius and Dependencies (including Seychelles)	1,17,667	1,02,709	3,68,466
Zanzibar and Pemba	35,17,576	41,21,719	33,11,844
Kenya Colony	2,20,14,393	2,17,56,235	2,38,50,498
Canada	1,68,83,052	1,78,50,307	3,01,70,994
Australia	1,69,60,876	1,91,66,751	8,40,60,740
New Zealand	54,555	1,43,230	1,04,705
Other British Possessions	89,61,614	74,29,399	53,36,004
Total—British Empire	1,27,02,81,786	1,36,36,93,412	1,37,06,61,474

* Since 1926-27, figure has been shown against Iraq, under heading of "Foreign Countries."

(iv). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin*—continued.

NOTE—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1926-27.	1927-28.	1928-29.
Foreign Countries :—	*Rs.*	*Rs.*	*Rs.*
Russia	51,56,637	48,52,046	84,87,218
Sweden	1,26,88,354	1,25,61,245	1,11,64,336
Norway	69,52,825	88,03,862	78,94,871
Germany	16,90,71,677	15,34,34,747	15,85,66,203
Netherlands	4,66,26,070	4,80,60,422	4,75,98,717
Belgium	6,80,08,052	7,47,63,595	7,18,85,967
France	3,55,66,145	4,30,15,164	4,79,12,550
Spain	20,58,891	34,03,400	26,80,371
Switzerland	2,19,60,040	2,68,10,247	2,53,07,564
Italy	6,16,11,411	6,76,30,625	7,39,14,346
Austria	1,10,82,788	1,26,08,336	1,40,10,088
Hungary	60,83,885	8,11,537	6,03,941
Czechoslovakia	1,66,65,225	1,22,39,457	1,29,95,601
Arabia	44,71,388	51,46,891	35,29,843
Iraq	—	95,15,907	72,32,088
Persia	1,98,13,908	2,94,80,760	3,82,36,500
Java	14,42,27,504	14,70,75,220	16,64,84,060
Borneo (Dutch)	91,36,927	1,36,31,029	1,17,79,629
Siam	12,65,065	23,12,019	31,59,748
China (exclusive of Hongkong and Macao)	3,30,99,562	4,41,26,962	4,34,85,260
Japan	16,47,24,110	17,90,19,207	17,41,06,360
Egypt	42,11,277	52,86,483	48,74,679
Portuguese East Africa	9,37,018	15,09,079	8,97,367
Italian East Africa	12,06,590	15,64,339	12,62,820
United States of America	18,23,74,618	20,43,18,046	17,36,25,111
Other Foreign Countries	1,29,26,423	2,27,92,263	5,00,62,488
Total Foreign Countries	104,19,26,390	113,47,72,858	1,16,17,57,726
Grand Total	231,22,08,176	249,84,66,270	2,53,24,19,200

(v). *Sea-borne Trade—Analysis of* Exports *of Indian Merchandise on Private Account, showing separately the principal countries of destination.*

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1926-27.	1927-28.	1928-29.
British Empire :—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	63,38,78,453	78,87,44,427	69,86,82,042
Aden and Dependencies	1,48,91,341	1,74,64,386	1,90,97,027
Mesopotamia*	2,13,53,352	—	—
Ceylon	14,44,04,994	15,22,45,692	13,77,04,324
Straits Settlements (including Labuan)	9,32,09,116	9,11,20,270	7,82,81,043
Hong Kong	2,93,78,586	2,07,49,278	2,40,76,324
Union of South Africa	2,37,47,798	2,52,59,629	2,41,53,980
Mauritius and Dependencies (including Seychelles)	1,69,88,252	1,93,07,734	1,63,20,491
Zanzibar and Pemba	76,82,299	70,84,175	46,38,009
Kenya Colony	97,74,881	94,45,240	1,06,32,037
Canada	2,05,08,163	2,18,97,844	2,43,77,308
British West India Islands	51,72,947	41,90,986	44,09,031
Australia	7,78,02,565	6,60,88,091	7,37,62,331
New Zealand	97,91,462	77,10,747	87,26,959
Other British Possessions	3,27,77,892	2,72,16,130	3,42,81,651
Total—British Empire	114,13,61,801	125,85,24,629	1,15,91,42,557

* Since 1926-27, figure has been shown against Iraq, under heading of "Foreign Countries."

(v). *Sea-borne Trade—Analysis of* Exports *of Indian Merchandise on Private Account, showing separately the principal countries of destination*—continued.

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1926-27.	1927-28.	1928-29.
Foreign Countries :—	*Rs.*	*Rs.*	*Rs.*
Russia	9,12,783	49,51,062	24,90,392
Sweden	25,18,015	29,59,962	32,08,040
Norway	31,99,137	30,97,900	29,75,045
Germany	21,39,22,607	32,22,85,626	31,42,61,842
Netherlands	6,21,97,520	8,10,89,887	8,44,63,702
Belgium	8,77,20,155	10,92,18,228	13,30,14,339
France	13,81,27,104	15,96,83,906	17,33,26,417
Spain	2,74,05,098	3,31,04,027	3,90,68,940
Switzerland	64,369	31,964	43,577
Italy	11,34,76,442	12,86,51,186	14,71,78,049
Austria	25,78,800	27,62,203	8,65,029
Turkey, European	22,06,317	27,08,250	27,13,318
,, Asiatic	22,38,923	36,15,975	21,52,707
Arabia	1,80,82,699	2,33,13,619	2,20,20,265
Iraq	—	1,65,60,191	1,50,29,711
Persia	2,49,57,622	1,87,58,836	1,59,10,364
Sumatra	1,43,81,541	1,84,11,487	1,51,98,700
Borneo and Java	3,04,12,036	2,49,06,400	3,75,88,189
Siam	1,68,80,671	1,98,40,787	1,72,54,176
Indo-China	1,92,54,044	2,27,36,892	1,69,51,695
China (exclusive of Hong-Kong and Macao)	11,21,83,341	4,46,96,598	9,43,83,431
Japan	41,00,75,270	29,00,66,282	34,41,02,214
Egypt	3,64,32,796	3,06,26,643	4,80,28,232
Portuguese East Africa	1,24,33,840	1,33,04,195	1,33,13,131
Italian East Africa	11,83,300	19,72,336	41,69,208
Other East African Ports	13,82,634	15,10,325	34,47,035
United States of America	33,68,37,467	35,97,77,376	39,03,22,912
West Indies	4,36,35,433	4,08,62,965	3,81,04,387
South America	9,47,70,144	10,67,09,860	10,97,02,857
Other Foreign Countries	4,35,26,375	4,27,95,769	5,08,45,304
Total—Foreign Countries	187,29,96,483	1,93,30,10,737	2,14,21,33,208
Grand Total	,301,43,58,284	3,19,15,35,366	3,30,12,75,765

Printed by H.M.S.O. Press, Hari

EAST INDIA ACCOUNTS & ESTIMATES

1930-1931

EXPLANATORY MEMORANDUM

By the Secretary of State for India

Presented by the Secretary of State for India to Parliament by Command of His Majesty, September, 1930.

LONDON:
PRINTED AND PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE
To be purchased directly from H.M. STATIONERY OFFICE at the following addresses:
Adastral House, Kingsway, London, W.C.2; 120, George Street, Edinburgh;
York Street, Manchester; 1, St. Andrew's Crescent, Cardiff;
15, Donegall Square West, Belfast;
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Price 9d. Net.

Cmd. 3670.

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MEMORANDUM

BY THE

SECRETARY OF STATE FOR INDIA

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA (Central Government) for 1928-29 and the ESTIMATES for 1929-30 and 1930-31.

I.—INTRODUCTORY.

Separation of Central and Provincial Finances.

The Government of India Act, 1919, was designed *inter alia* to secure a greater measure of independence for Provincial Governments, and to this end provision was made, in the Act and in Rules subsequently published under authority of the Act, for the delimitation of the functions of Government as between the Government of India and the chief Provincial Governments, and for the definite assignment to each of these Provincial Governments of specific revenues of their own. Effect has been given to these measures of devolution in the nine " Governor's Provinces " viz. : Madras, Bombay, Bengal, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces, Assam and Burma, and in the Province of Coorg. As regards these provinces the functions of Government have been classified as either " central subjects " or " provincial subjects." A general authority to control all matters coming under the latter head, subject to certain expressed provisos, is devolved upon the Local Governments concerned.

The sources of revenue available to Local Governments for the purpose of defraying their administrative charges consist, in the main, of the receipts from those provincial subjects which are revenue-producing, the principal heads being Land Revenue, Irrigation, Stamp Duties and Excise. In addition, a local Government is given a small share in any expansion of Income Tax (otherwise a " central " source of revenue) that may be due to an increase of the total assessed incomes within the Province over that of 1920-21.

When the division of the sources of revenue was made between the Central and Provincial Governments, it was realized that the Central Government would be left insufficiently provided. It was therefore arranged that an annual contribution should be made by eight of the local Governments to the Central Government. The annual contributions fixed at the outset aggregated 983 lakhs of rupees. They were not, except in case of emergency and with the sanction of the Secretary of State, to be subject to increase,

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and, should reduction of the aggregate be found possible, reductions were to be made in fixed proportions from the quotas of the several Provinces. The general policy pursued aimed at the progressive reduction of the provincial contributions with a view to their ultimate cessation as soon as the revenues of the Central Government permitted. They ceased to be levied as from 1927–28.

The revised financial arrangements outlined above came into force from the 1st April, 1921, as from which date all " provincial " revenue and expenditure ceased to be included in the estimates and accounts of the Central Government. In the case of Coorg the separation was made on 1st April, 1924. The annual volumes of the " Finance and Revenue Accounts of the Government of India," commencing with that for 1921–22, exhibit separately the revenue and expenditure of the Central Government and of each of the Provincial Governments. The Central Government and each Provincial Government issues annually a separate volume containing its own budget estimate for the forthcoming year and, in most cases, a revised estimate for the closing year. This Memorandum, however, deals with the Accounts and Estimates of the Central Government only, except where otherwise stated.

Separation of Railway Finance from General Finance.

In accordance with a Resolution passed in the Legislative Assembly in September, 1924, Railway Finance has been separated from the general finances of Government with effect from the year 1924–25. The Railway revenue account and the contributions of the Railways to the general revenues are shown on pages 26 and 27.

Rates of Exchange.

In the Accounts for 1928–29 sterling amounts under Revenue and Capital heads are converted into rupees at Rs. 13·3556 per £1, the average of the daily rates for telegraphic transfers in Calcutta on London for that year, sterling amounts under Debt and Remittance heads being converted at Rs. 13⅓ per £1 (1s. 6d. to the rupee).

In the estimates sterling expenditure is converted into rupees at the following rates :—

Budget, 1929–30	1s. 6d. per rupee (Rs. 13⅓ per £1).
Revised Estimate, 1929–30 ..	1s. 5⅞d. per rupee (Rs. 13·4266 per £1).
Budget, 1930–31	1s. 6d. per rupee (Rs. 13⅓ per £1).

II.—REVENUE, AND EXPENDITURE CHARGED TO REVENUE.

Gross Revenue and Expenditure.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follows :—

Gross Revenue and Expenditure.	Accounts, 1928-29.	Revised Estimate, 1929-30.	Budget, 1930-31.
	Rs.	Rs.	Rs.
Revenue	1,28,98,10,475	1,32,84,08,000	1,35,64,11,000
Expenditure	1,29,29,64,477	1,32,49,08,000	1,34,78,11,000
Surplus (+) or *Deficit* (—)	— *31,54,002*	+ 35,00,000	+ 86,00,000

In these figures all receipts on revenue account are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies, are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure.

The figures of Gross Revenue given above include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges, the total receipts from the sale of opium, and the receipts of certain spending departments ; while the figures of Gross Expenditure include the interest charges of commercial undertakings, and the cost of cultivation and manufacture of opium. This method of compilation may cause the revenue available for administrative purposes and the expenditure on such purposes to appear greater than they really are. A statement of the net revenue and expenditure of the Central Government for the three years under review is therefore given in the table below, which shows the *net* revenue derived from commercial undertakings, after deducting all expenditure including interest charges, and *net* figures under other heads of revenue and expenditure obtained by deducting (1) the cost of cultivation and manufacture of opium from sale receipts, and (2) the receipts of the spending departments from the gross expenditure incurred by them. The cost of the establishments maintained for the collection of revenue other than opium is not shown as a deduction from revenue, but as a separate head of expenditure.

Net Revenue.

	Accounts, 1928-29.		Budget Estimate, 1929-30.		Revised Estimate, 1929-30.		Budget Estimate, 1930-31.	
I. *Principal Heads of Revenue :—*	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Customs ..	49,28,00,804		51,21,77,000		51,02,09,000		54,63,81,000	
2. Taxes on Income ..	16,70,33,999		16,59,60,000		17,10,06,000		17,99,78,000	
3. Salt	7,59,92,742		6,34,64,000		6,72,19,000		7,04,83,000	
4. Opium ..	2,71,64,155		2,34,56,000		2,59,17,000		2,07,23,000	
5. Other Heads..	2,23,85,302		2,22,67,000		2,28,02,000		2,30,86,000	
		78,53,77,002		78,73,24,000		79,71,53,000		84,06,51,000
II. *Commercial Undertakings :—*								
1. Railways ..	5,23,49,457		6,24,72,000		6,11,86,000		5,73,57,000	
2. Irrigation ..	*—12,84,507*		*—9,26,000*		*—17,61,000*		*—11,46,000*	
3. Posts and Telegraphs ..	*—74,22,462*		*—23,47,000*		*—73,12,000*		*—71,21,000*	
		4,36,12,488		5,91,99,000		5,21,13,000		4,90,90,000
III. *Currency and Mint*								
1. Currency ..	2,01,79,589		2,18,30,000		2,01,50,000		2,01,95,000	
2. Mint	14,91,317		16,45,000		9,62,000		9,54,000	
		2,16,70,903		2,34,75,000		2,11,12,000		2,11,49,000
IV. *Miscellaneous Adjustments with Provincial Governments*		2,91,690		—		—		—
V. *Miscellaneous Civil Receipts* ..		30,25,604		26,49,000		32,40,000		28,60,000
VI. *Extraordinary Items* ..		1,03,41,520*		1,17,44,000		1,90,16,000		31,50,000
Total Net Revenue ..		86,43,19,210		88,43,91,000		89,26,34,000		91,69,00,000

* Includes Rs. 74,14,886, the balance of the Revenue Reserve Fund transferred to Revenue.

Net Expenditure.

	Accounts, 1928–29.		Budget Estimate, 1929–30.		Revised Estimate, 1929–30.		Budget Estimate, 1930–31.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Debt Services* ..		12,82,40,836		12,14,24,000		12,19,10,000		14,36,27,000
II. *Military Services* :—								
1. Army ..	50,31,81,113		50,41,35,000		49,95,89,000		49,48,27,000	
2. Marine ..	68,23,697		68,60,000		68,60,000		68,96,000	
3. Military Engineer Services	3,83,88,453		4,00,05,000		4,11,56,000		4,43,84,000	
4. Transfers to *or from* Military Reserve Fund	26,06,737		—		33,95,000		— *26,07,000*	
		55,10,00,000		55,10,00,000		55,10,00,000		54,35,00,000
III. *Collection of Revenue*		3,47,17,527		3,68,42,000		3,63,89,000		3,71,00,000
IV. *Civil Administration*		10,42,57,796		11,54,49,000		11,55,66,000		12,20,15,000
V. *Miscellaneous Civil Charges* ..		3,46,71,029		3,47,98,000		3,98,58,000		3,59,36,000
VI. *Civil Works* ..		1,42,23,559		2,40,90,000		2,38,90,000		2,54,89,000
VII. *Forest and other Capital Outlay charged to Revenue* ..		3,62,465		7,88,000		5,21,000		6,33,000
Total Net Expenditure charged against Revenue		86,74,73,212		88,43,91,000		88,91,34,000		90,83,00,000
Surplus (+) or *Deficit* (−)		*— 31,54,002*		—		+ 35,00,000		+ 86,00,000

ACCOUNTS, 1928–29.

The Revised Estimate for 1928–29 had provided for a surplus of approximately Rs. 30 lakhs, which was to be transferred to the Revenue Reserve Fund in aid of the ensuing year. Owing, however, to a shortage of revenue in the last two months of the year under Customs and under Interest Receipts from the Gold Standard Reserve, the balance of Rs. 74 lakhs in the Revenue Reserve Fund was re-transferred to the Revenue Account in 1928–29, which year, as will be seen from the preceding tables, closed with a deficit of Rs. 31,54,002.

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REVISED ESTIMATE, 1929–30.

The Revised Estimate for 1929–30 shows a surplus of Rs. 35 lakhs, as compared with an equation of revenue and expenditure in the Budget estimate produced by the credit to revenue of approximately Rs. 90 lakhs from the Revenue Reserve Fund.

The utilisation of the balance of the Revenue Reserve Fund in the previous year, as explained above, together with a net deterioration in the Revenue Account of Rs. 66 lakhs, resulted in a deficit of Rs. 156 lakhs, which has been more than balanced by a windfall of Rs. 156 lakhs (the sum held at credit of the German Liquidation Account and now accruing to the Government of India as a result of decisions reached at the Hague Conference) and the addition of Rs. 35 lakhs resulting from the alterations in the Customs and Excise duties provided in the Budget for 1930–31 which had effect from the 1st March, 1930.

The principal variations in the Revised Estimate of 1929–30 from the Budget figures are shown below. Explanations of the main differences are given under their respective heads in Appendix I *(see* page 23).

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Extraordinary Items	72,72,000	Posts and Telegraphs	49,65,000
Taxes on Income ..	50,46,000	Currency and Mint ..	23,63,000
Salt	37,55,000	Customs	19,68,000
Opium	24,61,000	Railways	12,86,000
Miscellaneous Civil Receipts	5,91,000	Irrigation	8,35,000
Other Heads	5,35,000		
Total	1,96,60,000	Total	1,14,17,000

Net increase Rs. 82,43,000.

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Miscellaneous Civil Charges	50,60,000	Collection of Revenue	4,53,000
Debt Services ..	4,86,000	Forest and other Capital Outlay charged to Revenue	2,67,000
Civil Administration	1,17,000	Civil Works	2,00,000
Total	56,63,000	Total	9,20,000

Net increase Rs. 47,43,000.

BUDGET, 1930–31.

The Government of India estimated, in framing the Budget for 1930–31, that expenditure chargeable to revenue would amount to Rs. 133·70 crores as against a revenue, on the basis of existing taxation, of Rs. 129·60 crores, giving a deficit of Rs. 4·10 crores. To meet the deficiency, and at the same time to provide a larger margin against possibilities of revenue reductions and new needs for expenditure the following alterations have been made in taxation :—

	Estimated increase to revenue in 1930–31.
	Rs. lakhs.
Levy of an import duty on Silver at 4 annas an ounce subject to a full draw-back on re-export	100
Increase in the import duty on all kinds of Sugar and Sugar Candy by Re. 1-8-0 per cwt.	180
Increase in the import duty on Cotton piece goods from 11 per cent. *ad valorem* as follows* :—	125
(*a*) Plain grey :—	
(i) of British manufacture, 15 per cent. *ad valorem* or 3½ annas per pound, whichever is higher.	
(ii) not of British manufacture, 20 per cent. *ad valorem* or 3½ annas per pound, whichever is higher.	

* The protective duties of 5 per cent. on cotton piece goods not of British manufacture and of 3½ annas per pound are to be in force for three years only and their effects are to be examined by the Tariff Board before the end of this period.

	Estimated increase to revenue in 1930–31. Rs. lakhs.
(*b*) Others :—	
(i) of British manufacture, 15 per cent. *ad valorem.*	
(ii) not of British manufacture, 20 per cent. *ad valorem.*	
Increase in the excise duty on Kerosene from 1 anna to 1½ annas per gallon ..	50
Reduction in the import duty on Kerosene from 2½ annas to 2¼ annas per gallon ..	*-15*
Reduction in the export duty on Rice from 3 annas to 2¼ annas a maund	*-30*
Increase from 30 per cent. to 38 per cent. *ad valorem* in the import duty on Silver plate, Silver thread and wire (including so-called Gold thread and wire mainly made of Silver), Silver leaf and Silver manufactures	1
Levy of an excise duty at 4 annas an ounce on Silver produced in India	15
Increase of 1 pie in the rupee in the rates of Income-tax on incomes of Rs. 15,000 and upwards	56
Increase of 1 pie in the rupee in the rates of Super-tax with the exception of Companies' Super-tax	14
Total ..	496

No change has been made in the rates of Salt Duty or Postage and the interest on securities in the Paper Currency Reserve and the surplus in the Gold Standard Reserve over £40 millions (after providing for payments to a newly created Gold Standard Reserve Equalisation Fund, *see* page 20) will be credited to revenue.

The Legislative Assembly made the following reductions in revenue expenditure in the course of the voting of the demands for grants for 1930–31, viz. :—

Demand.	*Rs.*
Finance Department	100
Army Department	5,46,999
Ditto	1
North West Frontier Province	100

Of these, the Governor General in Council has, under section 67A (7) of the Government of India Act, decided, as essential to the discharge of his responsibilities, to restore the Army Department demand of Rs. 5,46,999.

In the Budget, as finally passed, the Net Revenue and Expenditure were estimated as follows :—

	Rs.
Net Revenue	91,69,00,000
Net Expenditure	90,83,00,000
Surplus	86,00,000

As compared with the Revised Estimate for 1929–30, these figures show an increase in net revenue of Rs. 2,42,66,000 and in net expenditure of Rs. 1,91,66,000.

The increases and decreases in the Budget as compared with the Revised Estimate for 1929–30 in detail are as follows :—

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Customs	3,61,72,000	Extraordinary Items	1,58,66,000
Taxes on Income ..	89,72,000	Opium	51,94,000
Salt	32,64,000	Railways	38,29,000
Irrigation	6,15,000	Miscellaneous Civil Receipts	3,80,000
Other Heads.. ..	5,12,000		
Total	4,95,35,000	Total ..	2,52,69,000

Net increase Rs. 2,42,66,000

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Debt Services ..	2,17,17,000	Military Services ..	75,00,000
Civil Administration	64,49,000	Miscellaneous Civil Charges	39,22,000
Civil Works	15,99,000		
Collection of Revenue	7,11,000		
Forest and Other Capital Outlay charged to Revenue	1,12,000		
Total	3,05,88,000	Total ..	1,14,22,000

Net increase Rs. 1,91,66,000

Notes on the Heads under which the principal variations occur will be found in Appendix I. (*See* page 23.)

III.—BURDEN OF TAXATION.

	Accounts, 1928–29.	Budget Estimate, 1929–30.	Budget Estimate, 1930–31.
	Lakhs of Rs.	*Lakhs of Rs.*	*Lakhs of Rs.*
Customs	49,11·90	51,04·14	54,48·17
Taxes on Income	17,05·65	16,92·95	18,29·67
Salt	7,20·44	5,94·25	6,66·47
Excise	19,66·88	19,72·51	19,80·61
Stamps	13,73·05	14,63·44	13,90·00
Registration	1,43·40	1,49·24	1,41·97
Scheduled Taxes	43·08	43·68	39·59
Total (excluding Land Revenue) ..	108,64·40	110,20·21	114,96·48
Land Revenue	32,88·00	35,70·51	36,00·25
Total (including Land Revenue) ..	141,52·40	145,90·72	150,96·73
The payment per head, on the assumption that the whole of the taxation is paid by the inhabitants of British India, is :—	*Rs.*	*Rs.*	*Rs.*
(i) exclusive of Land Revenue..	4.226	4·266	4·428
(ii) inclusive of Land Revenue..	5.506	5·648	5·815

The above figures include both Central and Provincial revenue.

For the purpose of calculating the payment per head, the figures of population have been based on the Census of 1921 (247,003,293), an annual increase of population at the rate of one-half per cent. being assumed.

IV.—DEBT TRANSACTIONS AND CAPITAL EXPENDITURE.

Debt Transactions.

1929–30.

Indian Treasury Bills of 3 and 9 months' currency were sold in India, between 16th April and the 14th May, 1929, to an aggregate amount of Rs. 9·96 crores. Sales were resumed at the end of July, since when 3, 6, 9 and 12 months' bills have from time to time, been issued. The amount outstanding with the public on 31st March, 1930, was Rs. 36·04 crores, and in addition Rs. 29·22 crores were held in the Paper Currency Reserve.

On 27th May, 1929, £6,000,000 9 months' India Bills were issued in London to provide funds for capital expenditure on Railways and for general purposes. The applications amounted to

£6,372,000. Tenders at £95 12s 11d. received about 26 per cent. and above in full. The average rate at which allotment was made was £5 13s. 1·03d. per cent. per annum. The Bills were repaid in February, 1930.

The Rupee Loan of 1929 was open to subscription from 20th to 28th June, 1929. It was issued in two forms, namely :—(1) 5 per cent. Loan, 1939–44, issued at Rs. 96½ per cent. ; and (2) 5 per cent. Bonds, 1935, issued at Rs. 98 per cent. Subscriptions to the 1939–44 Loan were accepted in the form of cash, Indian Treasury Bills and 6 per cent. Bonds, 1930, 1931 and 1932, and to the 1935 Bonds in the form of cash, Indian Treasury Bills and 6 per cent. Bonds, 1930, provided that in the latter case at least an equal amount of such Bonds were subscribed to the 1939–44 Loan. Six per cent. Bonds, 1930, 1931 and 1932, were accepted in subscription as equivalent of cash at Rs. 102, Rs. 103⅛ and Rs. 104⅛ per cent. respectively, and Indian Treasury Bills at face value less a discount of 4 per cent. and 4¾ per cent. on the unexpired portion of the 3 and 9 months' Bills respectively. A Depreciation Fund has been instituted in connection with the 1939–44 Loan. The 1939–44 Loan will be accepted at its issue price as the equivalent of cash in subscription to any future loan of the Government of India having a currency of 10 years or more and maturing after 15th July, 1944.

The results of the issue were as follows :—

Form of subscription.	*Lakhs of rupees.*
Cash and Treasury Bills	13,60
1930 Bonds	14,20
1931 Bonds	4,21
1932 Bonds	5,23
	37,24

Applications were made for the two forms of the issue as follows :—

1939–44 Loan	29,14
1935 Bonds	8,10
	37,24

An issue of £6,000,000 India Bills, of 12 months' maturity, was made on 20th December, 1929, to provide funds for capital expenditure on Railways. The total applications amounted to £8,365,000. Tenders at £94 12s. 10d. received about 46 per cent. of the amount applied for, those above that price being allotted in full. The average rate of discount was £5 5s. 6·48d. per cent.

On 10th February, 1930, £6,000,000 India 6 per cent. Sterling Bonds, 1932–33, were issued in London at £99 per cent. to provide funds towards the repayment of a corresponding amount of 9 months' India Bills which, as stated above, had been issued in May, 1929. The loan was over-subscribed within a few hours.

The bonds are repayable at par on 15th June, 1932, but payment may be deferred until 15th June, 1933, at the option of the Secretary of State for India, in which case they will be redeemed at £101 per cent.

The net increase in the Permanent Debt in India was Rs. 14·57 crores, about Rs. 37¼ crores new debt having been raised and about Rs. 22¾ crores of 1930 Bonds and other loans having been discharged by repayment or conversion. The floating debt in India was increased by Rs. 15·35 crores owing to issues of Treasury Bills to the public, coupled with a reduction of Rs. 4·65 crores in the amount of bills held in the Paper Currency Reserve.

Unfunded debt in India increased by Rs. 11 crores, of which Savings Bank Deposits accounted for Rs. 8·17 crores and Post Office Cash Certificates Rs. 2·95 crores.

Permanent Debt in England was increased by approximately £4 millions net resulting from the issue of £6,000,000 India Bonds, partly set off by £1·69 million redeemed from the Railway Sinking Funds and a part repayment of the capital portion of the Railway Annuities. Floating debt in England was increased by £6,000,000, owing to the issue of 12 months India Bills in December, 1929.

The Sterling figure for Unfunded Debt was increased by £1·96 million, representing the balance of the purchase price of the Southern Punjab Railway paid early in 1930–31.

1930–31.

The Budget provided for a capital outlay of Rs. 16¾ crores on the construction of State Railways; Rs. 2 crores on the Bombay Land Scheme; Rs. 68¾ lakhs on Posts and Telegraphs; Rs. 34¼ lakhs on Vizagapatam Port; Rs. 33½ lakhs in respect of the commuted value of pensions, and Rs. 51¾ lakhs on the new Capital at Delhi; for the discharge in India of:—

Permanent Debt amounting to Rs. 16·18 crores, and

Treasury Bills issued to the public of Rs. 4 crores (net),

and in England of:—

£1,543,875 for part capital redemption of the railway annuities created in purchase of railways;

£621,375 redemption of liabilities assumed in respect of British 5 per cent. War Loan, 1929–47; and

£200,025 for the statutory sinking funds established in connection with the purchase of the East Indian, Eastern Bengal, and the Scinde Punjab and Delhi Railways.

together with other small items of capital expenditure.

The Budget also contemplated an issue of £6,000,000 India Bills, in repayment of those issued in London in December, 1929, and the issue of a Rupee loan of Rs. 23½ crores, partly to provide

for the conversion of 6 per cent. Bonds, 1930, and partly to provide new money to the extent of Rs. 7·4 crores. It also assumed net receipts of Rs. 2·40 crores from sales of Post Office Cash Certificates and Rs. 9½ crores from Savings Bank deposits.

The sale of Indian Treasury Bills was continued in the form of 3 and 9 months maturities, and on the 1st July, 1930, the Bills outstanding with the public amounted to Rs. 51·36 crores.

On the 20th May, 1930, £7,000,000 India 6 per cent. bonds, repayable at par in 1933–35, were issued in London at £99 per cent., to provide funds for capital expenditure on railways and for general purposes. The loan was over-subscribed.

The Rupee Loan of 1930 was opened to subscription from 28th July to 6th August inclusive. It took the form of 6 per cent. Bonds 1933–36, without limit of amount, and was issued at par. Subscriptions were accepted in cash, Indian Treasury Bills and 6 per cent. Bonds, 1930. The 1930 Bonds were taken for conversion at par and the Indian Treasury Bills at their face value less discount of 3, 4 or 4½ per cent. per annum, respectively, according as they matured by 31st August, in September and October, or on or after 1st November, 1930.

The results of the issue were as follows :—

Form of subscription.	*Nominal amount of 1933–36 bonds applied for.*
	Rs. lakhs.
Cash	12·88
Treasury Bills	8·46
1930 Bonds	8·12
	29·46

The amount of the permanent and floating public debt of the Government of India (Central Government) outstanding is given in the following table. The figures include debt incurred on behalf of Provincial Governments, the debenture stocks of various railways taken over by the Secretary of State on the transfer of the lines, and the capital value of liabilities undergoing redemption by way of terminable railway annuities.

	In India‡	In England*
	Rs.	£
31st March, 1929..	433,88,40,947	353,381,515
31st March, 1930..	463,81,25,947§	363,612,480
31st March, 1931 (Budget Estimate) ..	467,21,75,947	361,158,480

‡ Excludes Post Office Cash Certificates.
* Includes liability for British Government 5 per cent. War Loan, 1929–47, taken over by India.
§ Revised Estimate.

A statement of the interest-bearing obligations (including the public debt) of the Government of India is given on page 18.

RAILWAYS.

On the 31st March, 1929, the length of railways in India open for traffic was 40,950 miles, of which 1,282 miles were opened in the preceding twelve months. The total route mileage under construction at the close of the year was 2,104 miles.

The capital expenditure on railways shown in the Accounts for 1928–29 and in the Estimates for 1929–30 and 1930–31, is as follows :—

	Accounts, 1928–29.	Revised Estimate, 1929–30.	Budget, 1930–31.
	Rs.	*Rs.*	*Rs.*
Outlay on lines worked by the State and by guaranteed companies :—			
(1) From funds provided by the State ..	29,34,91,954†	31,20,57,000§	16,75,00,000
(2) From funds raised through companies or provided from other sources ..	*—3,99,15,882*	—	—
	25,35,76,072*	31,20,57,000*	16,75,00,000

* The figures in the above table have been arrived at after allowing for adjustment in respect of exchange.

† Includes £3,000,000 paid to Burma Railways Company in repayment of their capital holding on transfer of the line to State management.

§ Includes £5,256,631 paid to the Southern Punjab Railway Company in purchase of their line. Actually, £3,300,000 was paid in 1929–30, payment of the remainder being deferred under the terms of the contract until 30th April, 1930.

In addition to the above figures, capital expenditure is incurred on branch lines from funds deposited by Branch line Companies or advanced by the Government.

The following table shows the capital outlay on all State lines up to the end of the year and the net return obtained (*see also* Appendix II (*b*) (ii) page 36) :—

	Accounts, 1928–29.	Revised Estimate, 1929–30.	Budget, 1930–31.
Capital at charge at end of each year (Central Government)	*Rs.* 739,11,64,015	*Rs.* 770,32,21,015	*Rs.* 787,07,21,015
Working profit from railways excluding interest charges ..	37,13,89,371	35,62,95,000	37,47,70,000
Percentage of same to capital at charge ..	5·02%	4·63%	4·76%
Final working profit after meeting interest charges	*Rs.* 7,80,93,627	*Rs.* 5,25,56,000	*Rs.* 6,07,52,000
Percentage of same to capital at charge ..	1·06%	0·68%	0·77%

Posts and Telegraphs.

In the Budget for 1930–31 provision has been made of Rs. 68·71 lakhs for capital outlay not charged to revenue on the Indian Postal and Telegraph and the Indo-European Telegraph Departments. The corresponding figures for 1929–30 were :—Budget Estimate, Rs. 68·13 lakhs ; Revised Estimate, Rs. 52·13 lakhs.

Expenditure on the New Capital at Delhi.

The capital expenditure incurred, or estimated to be incurred, during the three financial years under review, on permanent works at Delhi, is as follows :—

	Rs.
1928–29 (Accounts)	36,64,623
1929–30 (Revised Estimate)	67,74,000
1930–31 (Budget Estimate)	51,84,000

The total actual capital expenditure incurred up to 31st March, 1929, was Rs. 13,42,90,766.

Other Capital Expenditure.

Provision has also been made for the following items of expenditure of the Central Government charged outside the Revenue account :—

———	Accounts, 1928–29.	Revised Estimate, 1929–30.	Budget, 1930–31.
	Rs.	*Rs.*	*Rs.*
Construction of Irrigation works	36,040	2,53,000	1,01,000
Capital Outlay on Vizagapatam Port	29,23,364	34,50,000	34,20,000
Payment of commuted value of pensions ..	36,09,034	35,24,000	33,59,000
Capital outlay on Security Printing	*—4,75,524*	23,000	45,000
Capital outlay on Currency Note Printing Press	3,37,014	1,58,000	1,88,000
Capital Outlay on Bombay Land Scheme ..	—	—	2,05,22,000

Interest-bearing obligations of the Government of India.

The following table exhibits the interest-bearing obligations of the Government of India and shows also the portion of Indian Debt incurred on behalf of Government Commercial undertakings and of the Provincial Governments.

Statement showing the interest-bearing obligations and certain interest-bearing assets of the Government of India, at the close of each financial year.

	31st March, 1926.	31st March, 1927.	31st March, 1928.	31st March, 1929.	31st March, 1930. (Estimated.)
In India :		(In crores of rupees.)			
Loans (*a*)	368·29	374·44	372·25	390·73	405·31
Treasury Bills in the hands of the public	—	—	7·59	4·00	24·00
Treasury Bills in the Paper Currency Reserve	49·65	41·47	31·94	39·15	34·50
Other Obligations :—					
Post Office Savings Banks	27·23	29·51	32·67	34·49	37·48
Cash Certificates	20·96	26·68	30·70	32·30	35·25
Provident Funds, etc.	46·36	51·02	55·82	60·52	65·65
Depreciation and Reserve Funds	15·45	20·10	25·48	31·09	31·77
Provincial Balances (*b*)	11·87	10·49	10·48	10·43	10·17
Total Loans, etc.	417·94	415·91	411·78	433·88	463·81
Total Other Obligations	121·87	137·80	155·15	168·83	180·32
Total in India	539·81	553·71	566·93	602·71	644·13
In England :		(In millions of £.)			
Loans (*a*) (*c*)	266·35	265·09	272·32	283·31	289·04
War Contribution	18·32	17·81	17·28	16·72	16·13
Capital value of liabilities undergoing redemption by way of terminable railway annuities	57·53	56·19	54·79	53·35	51·86
India Bills					6·00
Provident Funds, etc.	·21	·27	·19	·43	2·66
Total in England	342·41	339·36	344·58	353·81	365·69
Equivalent at 1s. 6*d.* to the Rupee	456·55	(In crores of rupees.) 452·48	459·44	471·75	487·59
Total Interest-bearing obligations	996·36	1,006·19	1,026·37	1,074·46	1,131·72
Interest-yielding assets :					
(i) Capital advanced to Railways (*d*)	605·61	635·46	668·60	700·69	731·90
(ii) Capital advanced to other Commercial Departments	17·77	19·16	20·73	21·81	23·05
(iii) Capital advanced to Provinces	114·60	120·17	126·34	137·52	142·45
(iv) Capital advanced to Indian States and other interest-bearing loans	11·84	12·11	13·91	15·49	17·57
Total Interest-yielding assets	749·82	786·90	829·58	875·51	914·97
Cash bullion and securities held on Treasury account	51·96	37·48	24·26	28·34	39·73
Balance of total interest-bearing obligations not covered by above assets	194·58	181·81	172·53	170·61	177·02

(*a*) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.

(*b*) The figures represent those portions of provincial balances which bear interest either because they form part of the old Famine Insurance Fund or the present Famine Relief Fund or because they have been placed with the Government of India on fixed deposit.

(*c*) Includes the liability assumed by the Secretary of State for the Great Indian Peninsula Railway Debenture Stock, aggregating £31 millions, on the termination of the contract with that Railway on the 1st July, 1925. It therefore does not represent any increase in the foreign indebtedness of the country as a whole.

(*d*) Includes 4·88 crores on account of theliability referred to in (*c*) above.

The balance of interest-bearing obligations not covered by assets as above on 31st March, 1930, shows an increase of Rs. 6·41 crores over the previous year. This is mainly due to a book loss of Rs. 6·38 crores in the sale of silver. Government, in their capacity as currency authority, have actually strengthened their position by the sale of silver as they have obtained liquid assets in exchange for assets which were frozen, but as the silver in the form of rupees was valued in the Paper Currency Reserve at Re. 1 per standard tola, the sale involved either a decrease in the note circulation or an increase in the rupee securities in this Reserve corresponding to the difference between the bullion value and the currency value of the rupees sold. In either case, the net effect on the ordinary

Government accounts was an increase in the unproductive debt. For this reason, the increase in the current year in the balance of interest-bearing obligations not covered by assets does not represent any real deterioration in the debt position.

Apart from the cash, bullion and securities held on Treasury account, the Central Government held on 31st March, 1930. £40,000,000 in the Gold Standard Reserve. (*See* page 20).

V.—GENERAL STATEMENT OF THE RECEIPTS AND DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

The following table shows the opening balances, receipts, disbursements and closing balances, estimated or actual, of the Government of India in 1928–29, 1929–30, and 1930–31.

	Accounts, 1928–29.	Budget, 1929–30.	Revised Estimate, 1929–30.	Budget, 1930–31.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Opening Balance, India	9,16,10,089	11,73,63,089	9,20,46,097	17,79,20,097
Opening Balance, England	(a) 7,54,87,402	(b) 7,29,96,402	(b) 6,99,36,668	(b) 9,30,41,668
Total Opening Balance	16,70,97,491	19,03,59,491	16,19,82,765	27,09,61,765
RECEIPTS—				
Revenue Surplus	—	—	35,00,000	86,00,000
Capital Contributions by Railway Companies and Indian States towards construction of State Railways	14,794	2,65,19,000	—	—
Permanent Debt (net incurred)	28,01,90,740	22,12,02,000	19,81,13,000	4,66,00,000
Floating Debt (net incurred)	3,62,25,000	—	23,35,30,000	—
Unfunded Debt (net incurred)	8,40,95,296	10,23,34,000	14,04,26,000	9,36,52,000
Deposits and Advances (net)	—	6,58,81,000	—	5,57,80,000
Railway Depreciation and Reserve Funds	4,97,87,890	5,35,73,000	23,70,000	5,08,95,000
Remittances (net)	75,66,103	1,08,000	7,42,000	4,95,000
Total Receipts	45,78,79,823	46,96,17,000	57,86,81,000	25,60,22,000
Total	62,49,77,314	65,99,76,491	74,06,63,765	52,69,83,765
DISBURSEMENTS—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Revenue Deficit	31,54,002	—	—	—
Capital Outlay on Security Printing	—4,75,524	45,000	23,000	45,000
Construction of State Railways	25,35,76,072	33,52,67,000	31,20,57,000	16,75,00,000
Discharge of Debentures	3,99,30,676	2,65,19,000	—	—
Capital Outlay on Indian Postal and Telegraph Department	53,33,185	68,13,000	52,13,000	68,71,000
Construction of Irrigation Works	36,040	1,99,000	2,53,000	1,01,000
Capital outlay on Vizagapatam Port	29,23,364	40,00,000	34,50,000	34,20,000
Payment of Commuted Value of Pensions	36,09,034	31,17,000	35,24,000	33,59,000
Initial Expenditure on new Capital at Delhi	36,64,623	71,66,000	67,74,000	51,84,000
Capital Outlay on Bombay Land Scheme	—	—	—	2,05,22,000
Capital Outlay on Currency Note Printing Press	3,37,014	52,000	1,58,000	1,88,000
Capital Outlay on Lighthouses and Lightships	—	8,000	—	—
Floating Debt (net Discharged)	—	94,75,000	—	4,00,00,000
Deposits and Advances (net)	1,79,98,367	—	2,27,59,000	—
Loans and Advances by Central Government (net Advances)	12,72,24,050	6,24,28,000	6,97,24,000	6,73,62,000
Balances of Provincial Governments (net)	56,83,646	2,58,11,000	4,57,67,000	2,61,13,000
Total Disbursements	46,29,94,549	48,09,00,000	46,97,02,000	34,06,65,000
Closing Balance	16,19,82,765	17,90,76,491	27,09,61,765	18,63,18,765
Total	62,49,77,314	65,99,76,491	74,06,63,765	52,69,83,765
DISTRIBUTION OF CLOSING BALANCE—				
Closing Balance, India	9,20,46,097	11,56,88,089	17,79,20,097	12,95,94,097
Closing Balance, England	(b)6,99,36,668	(b)6,33,88,402	(b)9,30,41,668	(b)5,67,24,668

(a) Of this amount, £4,028 represents the funds of the Gold Standard Reserve.
(b) Of this amount, £3,042 represents the funds of the Gold Standard Reserve.

VI.—GOLD STANDARD RESERVE.

In accordance with the recommendation made by Sir Henry Fowler's Committee, it was decided that, with effect from 1st April, 1900, the net profit from the coinage of rupees should not be treated as Revenue, but should be held as a special reserve, now called the Gold Standard Reserve.

The principal objects for which the Reserve is maintained are (1) to provide funds from which the Secretary of State for India can finance his requirements at times when remittance of funds from India through the usual market channels cannot conveniently be arranged, and (2) to furnish resources against which, in normal times, sterling drafts may, if necessity arises, be sold by the Government of India to remitters in India, with a view to preventing a depreciation of the exchange. The earlier history of the Reserve is described in the Explanatory Memorandum for 1922–23. [Command Paper 1766 of 1922.]

In 1921–22 and 1922–23 the assets of the Gold Standard Reserve in excess of £40,000,000, on the basis of current market prices, were appropriated in reduction of the outstanding fiduciary currency. From 1923–24, the corresponding assets have been appropriated to revenue, except for credits to the Equalisation Fund as explained below.

In order to guard the budgetary position in future against such wide fluctuation in the value of the securities in the Reserve as was experienced in the latter part of 1928–29, it has been decided to institute a Gold Standard Reserve Revenue Equalisation Fund with effect from 1929–30. £1,600,000 has been taken as the basic figure for the excess in any year of the assets of the Reserve over £40,000,000. If, in any year, the actual receipts exceed this sum, one-half of the surplus will be added to revenue and one-half will be transferred to the Equalisation Fund, which Fund will be available to be drawn upon to make the receipts up to the standard figure of £1,600,000 in any subsequent year in which they fall below that level.

In 1929–30 £442,709 was transferred to the Fund and it is estimated that £50,025 will be transferred to the Fund in 1930–31.

Statistics, etc., regarding the Gold Standard Reserve.

The total receipts from profit on coinage, interest and discount, and profit by exchange up to 31st March, 1930, were as follows:—

	£
Profits on Coinage—from 1900–01 ..	28,573,606
Interest and discount	28,765,163
Profit by exchange	194,917
	57,533,686

Of this sum, £1,123,655 has been used for capital expenditure on railways, £2,866,217 has been transferred to the Paper Currency Reserve in reduction of created Rupee securities, £11,848,544 transferred to Revenue, and £442,709 to the Revenue Equalisation Fund, and the remainder has been credited to the Reserve. The following table shows the disposal of the sums paid to the Reserve up to 31st March, 1930, and the composition of the Reserve on that date :—

Summary of transactions.

	£	£
Profits on Coinage paid to Gold Standard Reserve—		
Total Profits realized since 1st April, 1900	28,573,606	
Deduct amount used for Capital Expenditure on Railways ..	*1,123,655*	
		27,449,951
Interest and discount received up to 31st March, 1930	28,765,163	
Profit by exchange ..	194,917	
Profit through appreciation	1,065,317	
		30,025,397
Profits and Interest paid to Reserve from 1st April, 1900, to 31st March, 1930		57,475,348
Deduct—		
Loss on Sale, Redemption, and Conversion of Securities ..	*2,297,304*	
Transferred to Paper Currency Reserve in reduction of created securities	*2,866,217*	
Transferred to Revenue	*11,848,544*	
Transferred to Revenue Equalisation Fund..	*442,709*	
Miscellaneous Charges	*20,574*	
		17,475,348
Amount of Reserve on 31st March, 1930 ..		£40,000,000

State of Reserve, 31st March, 1930.

	£
Sterling Securities held in England (estimated value) :	
National War Loan	2,055,000
Treasury Bonds	26,703,688
Treasury Bills	9,085,230
	37,843,918
Gold deposited at Bank of England	2,152,334
Cash held in England	3,748
	£40,000,000

The net profit on the Gold Standard Reserve Investments up to 31st March, 1930, is shown below :—

	£	£
Estimated value of securities on 31st March, 1930		37,843,918
Cost price of securities held on 31st March, 1930		36,778,601
Gain through Appreciation		1,065,317
Loss on sale and redemption of securities ..		2,297,304
Net Loss		1,231,987
Miscellaneous charges		20,574
Total of losses and charges		1,252,561
Interest and Discount received up to 31st March, 1930 ..	28,765,163	
Profit by exchange	194,917	
		28,960,080
Net profit on investments		27,707,519

VII.—EXCHANGE AND REMITTANCE.

The sales in London by the Secretary of State of Bills and Transfers on India, the purchases of sterling in India by the Government of India and the purchases by the Secretary of State of proceeds of loans raised in London by Indian public bodies during the last ten years, have been as follows :—

Year.	Sale of Bills and Transfers on India by the Secretary of State.	Purchases of Sterling by the Govt. of India.	Purchases by the Secretary of State of proceeds of Loans raised in London by Indian public bodies.	Total.	Average Rate of Exchange per Rupee.
	£	£	£	£	s. d.
1920–21..	nil	—	—	nil	—
1921–22..	nil	—	—	nil	—
1922–23..	2,570,026	70,000	2,126,210	4,766,236	1 4·200
1923–24..	8,738,705	13,100,000	1,302,959	23,141,664	1 4·632
1924–25..	7,579,162	33,191,000	700,000	41,470,162	1 5·661
1925–26..	—	46,316,500	—	46,316,500	1 6·152
1926–27..	—	2,115,000	—	2,115,000	1 6·019
1927–28..	—	28,325,000	—	28,325,000	1 5·997
1928–29..	—	30,810,000	—	30,810,000	1 6·026
1929–30..	—	15,215,000	—	15,215,000	1 5·908

The sales by the Government of India of immediate and deferred telegraphic transfers on London during the last ten years have been as follows :—

1920–21 .. £30,988,000 Transfers at average rate of 2s. 2·102d. the rupee for immediates and 2s. 2·038d. for deferreds.

1921–22 to 1925–26 .. *Nil.*

1926–27 .. £1,425,000 Immediate Transfers at an average rate of 1s. 5¾d.

1927–28 to 1929–30 .. *Nil.*

VIII.—SEA-BORNE TRADE.

The figures of Exports from, and Imports into, India during 1927–28, 1928–29 and 1929–30, are given in Appendix II (*c*) on pages 37 to 42.

WEDGWOOD BENN.

India Office,
2nd September, 1930.

APPENDIX I.

NOTES ON CERTAIN HEADS OF NET REVENUE AND EXPENDITURE.

NET REVENUE

Customs.

	Rs.
Accounts, 1928-29	49,28,00,804
Budget, 1929-30	51,21,77,000
Revised Estimate, 1929-30	51,02,09,000
Budget, 1930-31	54,63,81,000

The estimates include the net proceeds of Rs. 35 lakhs in 1929-30 and Rs. 426 lakhs in 1930-31 expected to accrue from the alterations in tariff summarised on pages 9 and 10.

They also include Rs. 95 lakhs in 1929-30 and Rs. 108 lakhs in 1930-31, being the anticipated proceeds of the enhancement, from 4 annas to 6 annas a gallon, of the import and excise duties on motor spirit in accordance with the recommendations of the Indian Road Development Committee. These proceeds do not, however, affect the revenue position of the Central Government as they are transferred to a Road Development Fund by debit to the revenue head of account "Civil Works." If, then, these amounts, including the tariff changes, are excluded, the estimates stand as follows :—

	Rs.
Budget, 1929-30	50,38,47,000
Revised, 1929-30	49,72,09,000
Budget, 1930-31	49,29,81,000

The revised estimate for 1929-30 as thus corrected falls short of the original budget by nearly Rs. 67 lakhs, and this, notwithstanding a large improvement of Rs. 135 lakhs under sugar, conditions relating to the import of which continue to be very favourable ; of Rs. 70 lakhs from jute the greater portion of which represents a throw-forward from last year ; of Rs. 32 lakhs from land customs which likewise mostly represents arrears of collections relating to the land customs line re-established between Kathiawar and British India in July, 1927 ; and of Rs. 24 lakhs from the excise duty on motor spirit exclusive of the share to be credited to the Road Development Fund. The more important decreases are Rs. 65 lakhs under cotton piece-goods ; Rs. 50 lakhs under tobacco ; Rs. 67 lakhs under protective duties relating to iron and steel ; Rs. 32 lakhs under Government stores ; and Rs. 35 lakhs under yarns and textile fabrics.

The revised estimate of expenditure for 1929–30 includes a payment of Rs. 4·04 lakhs to the Army Department for their property at Strand Road, Calcutta, on which it is proposed to build a new Customs House.

The Budget estimate figure for 1930–31, as corrected above, falls short of the revised estimate for 1929–30 by Rs. 42 lakhs only, despite the provision made for reductions of Rs. 75 lakhs, Rs. 50 lakhs, and Rs. 27 lakhs in the receipts from sugar, jute, and land customs, respectively. The actual Budget figure is, however, much greater, due mainly to the enhanced tariff.

Details of the receipts under the respective items are given in the table on pages 127 to 129 of the Indian Budget for 1930–31 (H.C. 171 of 1930–31).

Taxes on Income.

—	Accounts, 1928–29.	Budget, 1929–30.	Revised Estimate, 1929–30.	Budget, 1930–31.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Income Tax	13,73,68,187	13,64,26,000	14,18,01,000	14,52,85,000
Super Tax	5,01,72,106	4,78,02,000	4,94,24,000	5,20,44,000
Excess Profits Duty	1,200	1,000	1,000	1,000
Miscellaneous Receipts	36,430	12,000	33,000	29,000
TOTAL TAXES ON INCOME	18,75,77,923	18,42,41,000	19,12,59,000	19,73,59,000
Deduct Refunds	*1,70,13,304*	*1,49,46,000*	*1,70,33,000*	*1,43,92,000*
TOTAL REVENUE	17,05,64,619	16,92,95,000	17,42,26,000	18,29,67,000
Deduct Share of Provincial Governments under Devolution Rules	*35,30,620*	*33,35,000*	*32,20,000*	*29,89,000*
Revenue of Central Government	16,70,33,999	16,59,60,000	17,10,06,000	17,99,78,000

The revised estimate of revenue for 1929–30, which is about Rs. 50 lakhs better than the original budget, includes a special wind-fall of nearly Rs. 30 lakhs representing the net receipts accruing to Government as a result of certain recent Privy Council decisions.

The Budget estimate for 1930–31 includes receipts of Rs. 56 lakhs from income-tax and Rs. 14 lakhs from super-tax as a result of the enhancement in the rates of income-tax and super-tax mentioned on page 10.

In addition, the Budget estimate allows for an increase of Rs. 20 lakhs over the revised estimate for 1929–30, despite the non-recurring wind-fall referred to above and also that next year the full effect of the concessions to Provident Funds, etc., should be felt. But refunds are expected to be considerably smaller than in 1929–30 and the recent legislation relating to bogus companies should make it possible to collect super-tax on some income which now escapes.

Salt.	*Rs.*
Accounts, 1928–29	7,59,92,742
Budget, 1929–30	6,34,64,000
Revised Estimate, 1929–30	6,72,19,000
Budget, 1930–31	7,04,83,000

Despite the fact that the revenues of 1928–29 benefited to the extent of about Rs. 60 lakhs at the expense of 1929–30 as a result of the speculation at Sambhar, the revised estimate for 1929–30, which is based on the latest actuals, is only Rs. 28 lakhs less than what may be considered to be a normal figure under this head, *viz.*, Rs. 7 crores. The Budget estimate for 1930–31 provides for this normal receipt *plus* about Rs. 5 lakhs on account of the increase which has been recently made in the price of Government salt at the Northern India sources.

Opium.

—	Accounts, 1928–29.	Budget, 1929–30.	Revised Estimate, 1929–30.	Budget, 1930–31.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Receipts—*Less* Refunds	3,26,59,423	3,05,57,000	3,08,27,000	2,71,80,000
Charges	*54,95,268*	*71,01,000*	*49,10,000*	*64,57,000*
Net revenue	2,71,64,155	2,34,56,000	2,59,17,000	2,07,23,000

The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries and from the sale to Provincial Governments of excise opium for internal consumption in India. Opium is exported under a system of direct sales to Foreign and Colonial governments, the system of auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from 7th April, 1926. In no case are exports permitted without an import certificate by the Government of the country of import as prescribed by the League of Nations.

Excise opium is sold to Provincial Governments for internal consumption in India at a fixed price based on the cost of production. This opium is retailed to licensed vendors at rates fixed by the Provincial Governments and varying from Province to Province.

It has been decided to reduce annually the total of the opium exported until exports are totally extinguished at the end of 1935. This mainly accounts for the fall of Rs. 36 lakhs in the Budget estimate in 1930–31. The Revised estimate of expenditure in 1929–30 shows a saving of Rs. 22 lakhs owing to poorer outturn. Expenditure in 1929–30 assumes normal conditions.

Railways.

	Accounts, 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
REVENUE.			
State Railways—	Rs.	Rs.	Rs.
(1) Commercial Lines :—			
Gross Receipts	1,02,67,09,064	1,02,86,00,000	1,06,11,00,000
Deduct —			
Working Expenses	*64,83,84,600*	*66,72,97,000*	*68,08,82,000*
Surplus Profits paid to Indian States and Railway Companies	*1,59,14,166*	*1,51,50,000*	*1,22,00,000*
Net Receipts	36,24,10,298	34,61,53,000	36,80,18,000
(2) Strategic Lines :—			
Gross Receipts	1,66,65,246	1,64,00,000	1,64,00,000
Deduct :—			
Working Expenses	*1,98,60,798*	*2,09,73,000*	*2,09,43,000*
Net Receipts	*—31,95,552*	*—45,73,000*	*—45,43,000*
Total Net Receipts—Commercial and Strategic Lines	35,92,14,746	34,15,80,000	36,34,75,000
Subsidized Companies : Government Share of Surplus Profits	38,84,026	62,50,000	19,00,000
Interest on Depreciation and Reserve Funds	1,06,19,926	1,30,95,000	1,42,95,000
Other receipts	11,57,252	11,25,000	13,30,000
Transferred from Reserve to Revenue to meet in full the contribution to General Revenues	—	86,30,000	—
Total Revenue	37,48,75,950	37,06,80,000	38,10,00,000
EXPENDITURE.			
Interest Charges :—			
(1) Commercial Lines	27,91,14,296	28,99,89,000	30,01,68,000
(2) Strategic Lines	1,41,81,448	1,37,50,000	1,38,50,000
Total Interest Charges	29,32,95,744	30,37,39,000	31,40,18,000
Other Expenditure	34,86,579	57,55,000	62,30,000
Transferred to Reserve Fund	2,57,74,170	—	33,95,000
Total Expenditure	32,25,56,493	30,94,94,000	32,36,43,000
Total Payment from Railways to General Revenues	5,23,19,457	6,11,86,000	5,73,57,000
Comprising :—			
Contribution	5,23,19,457	6,11,86,000	5,73,57,000
One-third of Excess of Railway Surplus over three crores	—	—	—

In accordance with the resolution passed by the Legislative Assembly in September, 1924, railway finance was separated from the general finances of the Government of India with effect from 1924–25. After deducting all working expenses, including interest charges of commercial lines, the railways have now to make a contribution to general revenues equal to 1 per cent. on the capital at charge of the commercial lines in the penultimate year *plus* one-fifth of surplus profits in such penultimate year and one-third of the amount remaining available for transfer to Railway reserves in excess of Rs. 3 crores, but from the amount of these contributions are deducted the interest on capital and loss in working of strategic lines.

The net payments due from the Railways to general revenues of the Central Government in 1928–29, 1929–30 and 1930–31, calculated in the manner explained above, are as follows :—

	Accounts, 1928–29.	Revised Estimate, 1929–30.	Budget Estimate, 1930–31.
	Rs.	*Rs.*	*Rs.*
1 per cent. on Capital at charge, commercial lines	6,30,00,031	6,62,32,577	6,93,73,407
One-fifth of surplus profit	56,61,685	1,18,26,142	51,84,074
	6,86,61,716	7,80,58,719	7,45,57,481
Deduct Interest on capital and loss in working of strategic lines	*1,63,42,259*	*1,68,72,756*	*1,72,00,149*
Contribution	5,23,19,457	6,11,85,963	5,73,57,332
One-third of excess of railway surplus over 3 crores ..	—	—	—
Total payment to general revenues	5,23,19,457	6,11,85,963	5,73,57,332

The foregoing tables and the Net Revenue table on page 6 show that the net revenue of the Central Government from the Railways is as follows, viz. :—

1928–29, Accounts, Rs. 5,23,19,457 ; 1929–30, Budget, Rs. 6,24,72,000 ; 1929–30, Revised Estimate, Rs. 6,11,86,000 ; and 1930–31, Budget, Rs. 5,73,57,000.

The gains from Commercial lines in the same years are : 1928–29, Accounts, Rs. 9,53 lakhs ; 1929–30, Revised Estimate, Rs. 7,07 lakhs ; and 1930–31, Budget, Rs. 7,88 lakhs.

The gain from Commercial Lines in 1929–30 is Rs. 2,46 lakhs lower than the figure for 1928–29, due mainly to the general trade depression, which has resulted in the reduction in rates and fares introduced in the years 1927–28 and 1928–29 not leading to the increased traffic which was expected. The prolonged labour unrest in Bombay and the heavy floods in various parts of the country also adversely affected the total earnings in 1929–30.

The Budget Estimate of the gain from Commercial Lines in 1930–31 is Rs. 81 lakhs higher than the Revised Estimate for 1929–30 as the year is expected to be a normal one with a moderate increase in both passenger and goods traffic.

The Railway Depreciation and Railway Reserve Funds are estimated to have closing balances on 31st March, 1931, of Rs. 17,26 lakhs and Rs. 17,90 lakhs, respectively.

The Southern Punjab Railway was purchased by the Secretary of State on 31st December, 1929, following his decision to terminate the Company's contract on that date.

Posts and Telegraphs.

—	Accounts, 1928-29.	Budget, 1929-30.	Revised Estimate, 1929-30.	Budget, 1930-31.
	Rs.	*Rs.*	*Rs.*	*Rs.*
INDIAN POSTAL AND TELEGRAPH DEPARTMENT:—				
Gross Receipts	11,03,65,308	11,59,97,000	11,20,15,000	11,50,85,000
Less Working Expenses	*10,94,83,732*	*11,02,06,000*	*11,10,01,000*	*11,27,01,000*
Interest on Debt	*62,65,133*	*65,74,000*	*66,19,000*	*72,29,000*
	11,57,48,865	*11,67,80,000*	*11,76,20,000*	*11,99,30,000*
Net Revenue	*—53,83,557*	*—7,83,000*	*—56,05,000*	*—48,45,000*
Deduct Capital Outlay charged to Revenue	*13,12,114*	*10,00,000*	*9,50,000*	*14,90,000*
Net Receipts *or Expenditure* ..	*—66,95,671*	*—17,83,000*	*—65,55,000*	*—63,35,000*
INDO-EUROPEAN TELEGRAPH DEPARTMENT:—				
Gross Receipts	28,93,293	28,98,000	26,05,000	24,70,000
Less Working Expenses	*30,33,515*	*29,16,000*	*28,20,000*	*27,02,000*
Interest on Debt	*5,37,448*	*5,57,000*	*5,52,000*	*5,86,000*
	35,70,963	*34,73,000*	*33,72,000*	*32,88,000*
Net Revenue	*—6,77,670*	*—5,75,000*	*—7,67,000*	*—8,18,000*
Deduct Capital Outlay charged to Revenue	*49,121*	*—11,000*	*—10,000*	*—32,000*
Net Receipts *or Expenditure* ..	*—7,26,791*	*—5,64,000*	*—7,57,000*	*—7,86,000*

A commercial system of accounts has been introduced into both of these Departments with effect from 1925–26. The figures of "Net Revenue" shown in the above statement indicate the gain or loss on the working on a commercial basis.

In the Posts and Telegraphs Department, the loss of Net Revenue in 1929–30 is now estimated at Rs. 56 lakhs as compared with a loss of Rs. 7·8 lakhs in the Budget Estimate for that year.

The larger loss is the combined result of a drop of Rs. 40 lakhs in gross receipts owing to a retardation in the normal growth of revenue, and of an increase of Rs. 8 lakhs in working expenses due to the under-estimation of the cost of the revisions of pay and other concessions granted to the staff in recent years.

The Indo-European Telegraph Department also shows a falling revenue, but efforts are being made to reduce working expenses as far as possible, so that the net results are somewhat better than they would otherwise have been.

Currency and Mint.	*Rs.*
Accounts, 1928–29	2,16,70,906
Budget, 1929–30	2,34,75,000
Revised Estimate, 1929–30	2,11,12,000
Budget, 1930–31	2,11,49,000

The greater part of the net revenue receipts shown under Currency ordinarily arises from the interest on the securities in the Paper Currency Reserve, and in respect of loans to the Imperial Bank against inland bills of exchange. Under the Indian Paper

Currency Act this interest was earmarked for reduction of created securities in the Paper Currency Reserve. This provision has, however, been temporarily suspended since 1921–22 by legislation and the interest credited to revenue.

Provincial Contribution, and Adjustments.

—	Accounts, 1928–29.	Budget, 1929–30.	Revised Estimate, 1929–30.	Budget, 1930–31.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Contributions	—	—	—	—
Miscellaneous adjustments (net receipts)	2,91,690	—	—	—

Contributions.—No contributions have been payable by the Provincial Governments to the Central Government since 1926–27.

Adjustments.—The net revenue in 1928–29 represents the difference between a recovery from Bombay in connection with the readjustment of the value of the stock of non-postal stamps held on the 1st April, 1921, and a re-imbursement to the Shan States Federation of audit charges erroneously recovered from it in the past.

Extraordinary Receipts.

	Accounts, 1928–29.	Budget, 1929–30.	Revised Estimate, 1929–30.	Budget, 1930–31.
	Rs.	Rs.	Rs.	Rs.
Receipts	1,04,62,030	1,19,69,000	1,90,23,000	32,00,000
Payments	*1,20,510*	*2,25,000*	*7,000*	*50,000*
Net Receipts ..	1,03,41,520	1,17,44,000	1,90,16,000	31,50,000

This head of account was first opened in 1923–24 to record special receipts and charges of a non-recurring character, which it was considered desirable to distinguish from the ordinary revenue and expenditure of Government.

The whole of the balance in the Revenue Reserve Fund, viz., Rs. 74·15 lakhs, was transferred to Revenue in 1928–29. The budgeted credit of Rs. 89·69 lakhs in 1929–30 was not therefore available. The Revised Estimate for 1929–30, however, included a receipt of Rs. 156·15 lakhs hitherto held at credit in the German Liquidation Account.

The receipts in each year also include approximately Rs. 30 lakhs on account of Reparation Receipts.

NET EXPENDITURE.

Debt Services.

—	Accounts, 1928-29.	Budget, 1929-30.	Revised Estimate, 1929-30.	Budget, 1930-31.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Gross payments for Interest on Debt ..	38,69,75,677	38,98,42,000	40,10,56,000	40,75,29,000
Deduct amounts chargeable to—				
Railways	*27,82.58,699*	*29,08,44,000*	*29,00,60,000*	*30,04.06,000*
Irrigation	*12,21,077*	*12,28,000*	*12,25,000*	*12,38,000*
Posts and Telegraphs	*69,61,542*	*72,99,000*	*73,50,000*	*79.93,000*
Other Heads	*14,72,253*	*23,30,000*	*16,91,000*	*20,80,000*
Provincial Loans Fund	*5,87,78.074*	*6,20,89,000*	*6,18,97,000*	*6,52,29,000*
Total Deductions	*34,66,91,645*	*36,37,90,000*	*36,22,23,000*	*37,69,46,000*
Interest on Ordinary Debt..	4,02,84,032	2,60,52,000	3,88,33,000	3,05,83,000
Interest on other Obligations	6,17,42,840	7,26,57,000	6,89,68,000	8,75,51,000
Reduction or avoidance of Debt	5,42,17,000	5,72,79,000	5,73,87,000	6,00,24,000
Total	15,62,43,872	15,59,88,000	16,51,88,000	17,81,58,000
Interest Receipts on loans, &c., in India and England	*2.80,03,036*	*3,45,64,000*	*4,32,78,000*	*3,45,31,000*
Net Interest Payments (other than those chargeable to Commercial Departments and Provincial Loans Fund)	12,82,40,836	12,14,24,000	12,19,10,000	14,36,27,000

The receipts in England are as estimated by the Secretary of State early in February on the basis of the information then available regarding the volume and composition of the Home balances, the prevailing interest rates, etc. The creation of a Gold Standard Reserve Revenue Equalisation Fund in 1929-30 as described on page 20 is designed to prevent wide fluctuations in the amount of interest on the Sterling securities in the Gold Standard Reserve to be credited to the Revenue account.

Payments of Interest on Ordinary Debt are, as usual, affected by the nature and extent of the ways and means operations. The discount on the 1929 rupee loan (Rs. 118·21 lakhs) and the premium on bonds converted in the same connection (Rs. 59·38 lakhs) will both be charged to revenue over the periods of currency of the two issues, as similarly will the discount (£60,000 and £70,000, respectively) on the sterling loans issued in February and May, 1930.

Provincial Loans Fund.—A Provincial Loans Fund was established with effect from 1st April, 1925, to systematise the arrangements by which advances are made by the Central Government to the Provincial Governments. Advances to the Provincial Governments, which were previously made direct to them by the Central Government, are now made from the Provincial Loans Fund, which receives advances from the Central Government. As regards advances to Provincial Governments sanctioned prior to the constitution of the Fund, the latter simply takes the place of the Government *vis-á-vis* the Provinces. The Fund is charged with interest on the basis of the cost of new borrowing to the Government of India from time to time.

Interest on other obligations.—This includes interest on Post Office Savings Bank balances, bonus on Post Office Cash Certificates, and interest on Reserve and Depreciation Funds, Provident Funds, and on Fixed Deposits of Provincial Governments.

The saving of Rs. 37 lakhs in 1929–30 under Interest on Other Obligations, is due to smaller payments of bonus on cash certificates, the discharges having diminished after the rate was improved in August 1929. For 1930–31, a provision of Rs. 1,88 lakhs has been made, representing the full liability for the year. Of this it is expected that only Rs. 1 crore will be actually paid, the balance of Rs. 88 lakhs being transferred to a special fund, which will be known as the Post Office Cash Certificate Bonus Fund, which can be drawn upon in any future year to the extent to which the actual payments may happen to be in excess of the provision made for the year. The interest on Provident Funds also includes a special addition of about Rs. 15 lakhs on account of the increase, from 4¾ per cent. to 5 per cent., in the rate of interest which it has been decided to allow on the balances held in the Funds with effect from the beginning of 1930–31.

Reduction or Avoidance of Debt.—With effect from 1925–26 a scheme was introduced, for five years, to stabilise the annual provision from revenue for the reduction or avoidance of debt at Rs. 4 crores *plus* a sum representing one-eightieth of the net amount of new debt contracted (up to the end of the previous year) since 31st March, 1923, the sterling portion of this additional debt being converted into rupees at Rs. 15 per £1 for this purpose. It has been decided that, pending further consideration of the scheme along with the Railway Convention, the provision for 1930–31 should be made on the same lines, except that sterling debt should be converted into rupees at the statutory rate of Rs. 13⅓ per £ instead of at Rs. 15 per £1. This will result in a saving of about Rs. 12 lakhs. In the Budget for 1930–31 the amount so provided was Rs. 600·24 lakhs. In previous years these amounts have been increased by the amounts of the Reparation receipts as provided in section 7 of the Indian Finance Act, 1926. These provisions have, however, been repealed so that no addition need be made on this account with effect from 1930–31.

Military Services.

	Accounts, 1928-29.	Budget, 1929-30.	Revised Estimate, 1929-30.	Budget, 1930-31.
	Rs.	Rs.	Rs.	Rs.
Army	50,31,81,113	50,41,35,000	49,95,89,000	49,48,27,000
Marine	68,23,697	68,60,000	68,60,000	68,96,000
Military Engineer Services	3,83,88,453	4,00,05,000	4,11,56,000	4,43,84,000
Transfers to Military Reserve Fund ..	26,06,737	—	33,95,000	*—26,07,000*
Total	55,10,00,000	55,10,00,000	55,10,00,000	54,35,00,000

In the Explanatory Memorandum for 1929–30, it was stated that beginning with the year 1928–29 and ending with the year 1931–32, the military budget will be stabilised each year at a figure of Rs. 55 crores, to which will be added the amount required to give effect to measures arising out of the recommendations of the Shea Committee on the Auxiliary and Territorial Forces. It has since been decided that the period of the stabilised military budget should be extended by one year, i.e., to end with the year 1932–33 and the figure of Rs. 55 crores should be reduced to Rs. 54·20 crores. Thus the amount allotted for military expenditure in each year of the stabilised budget beginning with 1930–31 will be Rs. 54·20 crores *plus* the amount allotted for expansion of the Territorial Force which in 1930–31 amounts to Rs. 15 lakhs. Any savings which may accrue within the total amount granted for military expenditure will be carried to a suspense account " Military Reserve Fund " which may be drawn upon for expenditure in later years. This arrangement has been adopted in order to enable the military authorities firstly to carry out a programme of mechanisation and modernisation of equipment necessitated by recent developments in military organisation, and secondly to repair certain deficiencies in equipment.

In accordance with this arrangement the revised estimate for 1929–30 stands at Rs. 55·10 crores and the budget estimate for 1930–31 at Rs. 54·35 crores. It has been found possible in 1929–30 to allot a sum of about Rs. 2·3 crores for expenditure on the military programme referred to above and it is anticipated that, after meeting the normal charges for the maintenance of the military services in 1930–31, about Rs. 2 crores will be available for the same purposes.

Marine.—The variations under Marine in the Budget for 1930–31 as compared with the revised estimate for 1929–30 are inconsiderable. The increase in gross expenditure and receipts is due mainly to larger expenditure on account of development in connection with re-organisation to be met from the sale proceeds of the Kidderpore Dockyard. The amount which will be credited to Marine receipts in 1930–31 is estimated at Rs. 16½ lakhs as against Rs. 8½ lakhs included in the budget estimate for 1929–30.

Military Engineer Services.—The increase in gross expenditure is due to provision for buildings at Wana and to normal increase in maintenance charges and to other new works undertaken in connection with maintenance and storage of mobilisation reserves for the Army. The decrease in receipts is due to smaller credits anticipated from the Land Sales Suspense Account. To this account are credited all realisations from the disposal of lands and buildings surplus to requirements.

Transfers to or from Military Reserve Fund.

This head was opened as a result of the stabilisation of military budget estimates whereby, as mentioned above, any savings in

one year may be transferred to a suspense head for utilisation in a future year. The saving credited to the suspense account in 1928–29 was Rs. 26·07 lakhs. It is anticipated that a further sum of Rs. 33·95 lakhs will be credited to the account in 1929–30.

In the estimates for 1930–31 a credit of Rs. 26·07 lakhs has been taken by transfer from the suspense account "Military Reserve Fund."

Civil Administration.

	Rs.
Accounts, 1928-29	10,42,57,796
Budget, 1929–30	11,54,49,000
Revised Estimate, 1929–30	11,55,66,000
Budget, 1930–31	12,20,15,000

The Revised estimates for 1929–30 are practically the same as in the Budget. The Budget estimates for 1930–31, however, show as compared with the Revised estimate for 1929–30, a decrease of about Rs. 7 lakhs in revenue and an increase of Rs. 58 lakhs in expenditure. The former is more apparent than real as it has been occasioned by an alteration in the method of adjusting certain recoveries made by the Indian Stores Department, which has reduced the figures on both sides by about Rs. 11 lakhs. In any case, the increase in net expenditure is about Rs. 65 lakhs.

Besides the annual increments, etc., which it is estimated will amount to Rs. 25 lakhs in 1930–31, provision is made for new expenditure of Rs. 24½ lakhs for the development of Civil Aviation, Rs. 11 lakhs for Census operations, Rs. 10 lakhs towards a special fund for the encouragement of sugar cultivation, Rs. 5 lakhs as a grant to Aligarh University, and Rs. 5 lakhs as a recurrent grant for Agricultural Research.

Civil Works.

	Rs.
Accounts, 1928–29	1,42,23,559
Budget, 1929–30	2,40,90,000
Revised Estimate, 1929–30	2,38,90,000
Budget, 1930–31	2,54,89,000

The Revised Estimate for 1929–30 and the Budget for 1930–31 include Rs. 95 lakhs and Rs. 108 lakhs, respectively, for transfers to the Road Development Fund, the proceeds of the enhancement of the import and excise duties on motor spirit. The Budget estimate for 1930–31 includes Rs. 5 lakhs for special repairs necessitated by flood damage.

APPENDIX II. (*a*).

HOME CHARGES.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1928-29.	Revised Estimate, 1929-30.	Budget, 1930-31.
	£	£	£
Direct demands on the Revenues :—			
Stores for India	5,045	6,675	5,100
Leave Allowances and Miscellaneous	52,184	52,275	49,950
Railway Revenue Account :—			
Interest	8,872,349	8,987,625	9,149,400
Government share of Surplus profits	*203,920*	*339,450*	*9,900*
Leave Allowances and Miscellaneous	418,750	506,775	474,225
Irrigation Revenue Account :—			
Leave Allowances	6,250	4,350	5,775
Posts and Telegraphs :—			
Indian Postal and Telegraph Department :			
Leave Allowances and Miscellaneous	54,742	57,000	54,675
Indo-European Telegraph Department	*89,415*	*91,050*	*84,225*
Debt Services :—			
Interest on Ordinary Debt (less interest realised from investment of Cash Balance)	4,270,878	4,853,475	4,838,550
Interest, Discount, etc., on Gold Standard Reserve credited to Revenue	*1,242,870*	*2,300,025*	*1,650,000*
Liability assumed in respect to British 5 per cent. War Loan, 1929–47 : Interest	863,809	836,100	806,625
Management of Debt	261,205	204,150	103,950
Interest on Other Obligations	13,557	29,325	73,875
Civil Administration :—			
Home Administration :—			
India Office: Salaries and Contingencies	210,881	220,575	232,125
High Commissioner's Office : Salaries and Contingencies	155,777	183,300	218,175
Expenditure in connection with new offices	65,764	210,450	27,450
Audit Office : Salaries	16,374	17,025	17,400
Contribution by His Majesty's Treasury in respect of the Administrative Expenses of India Office.	*114,338*	*111,525*	*114,450*
Payments on account of Departments in India :—			
Stores for India	44,850	51,225	62,025
Leave Allowances and Miscellaneous	395,821	429,000	435,000
Currency and Mint :—			
Interest on Paper Currency Reserve Investments	*160,843*	*203,400*	*122,400*
Stores for India	85,337	72,450	6,750
Leave Allowances and Miscellaneous	6,516	5,400	6,075
Civil Works :—			
Leave Allowances and Miscellaneous	8,101	6,525	9,075
Miscellaneous :—			
Territorial and Political Pensions	8,844	9,825	9,000
Civil Superannuation Allowances and Pensions (including Home establishment Pensions)	1,387,052	1,444,800	1,350,225
Contribution to the Secretariat of the League of Nations	*51,415*	*56,775*	*61,500*
Other Miscellaneous Charges	*5,607*	*3,225*	*35,700*
Stationery and Printing :—			
Stores for India	31,622	53,025	25,050
Expenditure at the India Office and the High Commissioner's Office, Leave Allowances, etc.	7,469	12,525	15,075
Military Services (Army, Marine and Air Force) :—			
Home Charges of British Forces serving in India	1,548,883	1,564,800	1,562,925
Sea Transport Charges (less receipt of £130,000 from the War Office)	465,625	445,800	459,000
Unemployment Insurance	88,456	115,200	107,100
National Health Insurance	42,773	41,175	40,800
Aden Contribution	250,000	241,050	150,000

Net Expenditure.	Accounts, 1928-29.	Revised Estimate, 1929-30.	Budget, 1930-31.
Military Services (Army, Marine and Air Force) *continued*—	£	£	£
Contributions under Contributory Pensions Act, 1925 ..	126,154	123,375	122,400
Contribution to the expenses of His Majesty's Ships in Indian Seas	102,534	100,200	100,200
Furlough Pay and Miscellaneous	890,723	891,375	1,062,300
Stores	1,909,759	2,474,550	1,990,050
Marriage Allowances and Allotments	524,434	478,800	481,500
Retired Pay of British Forces for Service in India	1,183,552	1,234,050	1,201,800
Retired Pay: Indian Services	1,851,346	1,810,050	1,778,625
Family and Miscellaneous (including Military Funds) Pensions	744,622	743,550	737,175
Extraordinary Receipts and Payments:—			
Receipts on account of "Dawes" Annuities, "Young" Plan, etc.	*228,162*	*253,800*	*240,000*
Total	24,978,298	25,272,150	25,574,250
Expenditure by Secretary of State	20,331,370	19,812,450	20,806,125
„ „ High Commissioner	4,646,928	5,459,700	4,768,125
Total	24,978,298	25,272,150	25,574,250

Expenditure in England not charged on the Revenue of the year :—

Expenditure.	Accounts, 1928-29.	Revised Estimate, 1929-30.	Budget, 1930-31.
	£	£	£
Capital outlay on State Railways	10,263,625*	12,702,975†	3,270,000
New Capital at Delhi	34,716	37,725	18,225
Posts and Telegraphs	78,999	52,125	62,025
Vizagapatam Port	21,737	33,750	9,000
Currency	3,154	2,925	—
Lighthouses and Lightships	—	25,200	40,800
Expenditure by Secretary of State	6,215,389	8,807,850	1,731,600
„ „ High Commissioner	4,186,842	4,046,850	1,668,450
Total	10,402,231	12,854,700	3,400,050

* Including £3,000,000 in repayment of the share capital of the Burma Railways.
† Including £5,270,025, the estimated capital charge involved in the purchase of the Southern Punjab Railway.

APPENDIX II. (*b*).

RAILWAYS.

(*i*). *Route Mileage and Traffic (including railways outside Government accounts).*

Length of railways open in India on 31st March, 1928	39,711·58 miles
Additional mileage opened in 1928–29	1,282·15 „
Length of railways open in India on 31st March, 1929*	40,949·70 „

		1927–28.	1928–29.
Number of passengers carried		623,114,600	620,110,100
Earnings from passengers carried	*Rs.*	39,18,10,000	38,24,39,000
Weight of goods traffic in tons		89,791,000	90,835,000
Earnings from goods tonnage	*Rs.*	69,40,65,000	71,15,55,000

* The length of railways open on 31st March, 1928, *plus* the mileage opened in 1928–29 does not agree with the length of railways open on 31st March, 1929, and the difference of 44·03 miles is made up as follows:—
42·00 miles dismantled during 1928–29;
13·56 miles of private sidings shown as route mileage in previous years now excluded;
11·53 miles increase due to re-alignments and re-measurements.

(ii). *Capital at Charge and Net Revenue Receipts of State Railways.*

Class and Name of Railway.	Capital at Charge on 31st March, 1929.	Net Revenue Receipts, 1928-29.	Percentage of Net Revenue Receipts on Capital at Charge.
Commercial Lines.			
State Railways worked by the State :—	*Rs.*	*Rs.*	%
Aden	14,03,674	−22,622	−1·61
Delhi New Capital Railway Works	75,47,591	—	—
East Indian (including South Bihar)	1,39,75,44,021	8,13,75,809	5·83
Eastern Bengal	47,83,76,301	2,33,86,576	4·88
Great Indian Peninsula	1,11,82,28,288	5,26,38,657	4·70
North-Western	1,02,67,83,591	4,21,51,094	4·11
Burma	32,76,05,855	1,94,85,928	5·94
Railway Collieries	97,55,746	—	—
State Railways worked by Companies or by Indian States :			
Assam-Bengal	21,62,29,890	97,25,553	4·49
Bengal Nagpur	71,61,07,336	2,34,83,398	3·29
Bezwada (including Dhone Kurnool)	32,95,316	4,93,543	14·97
Bombay, Baroda and Central India	70,24,25,871	5,08,99,788	7·24
Jodhpur (British Section)	82,83,573	2,68,702	3·24
Lucknow-Bareilly (Rohilkund and Kumaon)	1,55,88,533	18,97,735	12·17
Madras and Southern Mahratta	54,75,45,136	4,57,65,696	8·35
South Indian	33,45,92,766		
Coonoor Ootacamund	50,33,065	2,44,25,708	6·81
Tinnevelly Quilon (British Section)	52,55,291		
Tinnevelly Quilon (Indian State Section)	1,38,72,261		
Tirhoot (Bengal and North-Western)	9,25,96,007	1,03,12,364	1·11
Contribution to Depreciation Fund on account of Company-Worked lines	—	−79,63,465	—
	7,02,80,70,112	37,83,24,464	5·38
Abandoned projects and other miscellaneous items	3,20,65,307	—	—
Total—Commercial Lines	7,06,01,35,419	37,83,24,464	5·35
Strategic Lines.			
Aden	—	−527	—
North-Western	28,28,09,497	−31,95,025	−1·13
Frontier Railway Reserve	1,05,99,382	—	—
Cambellpur Railway Reserve	7,54,935	—	—
Zhob Valley Extension	47,32,068	—	—
Hindubagh-Fort Sandeman	18,73,909	—	—
Khyber	3,02,58,805	—	—
Total—Strategic Lines	33,10,28,596	−31,95,552	−·96
Grand Total	7,39,11,64,015	*37,51,28,912	5·08

* Differs from figure of "Working Profit" shown in table on page 16, which takes into account "Miscellaneous Receipts" and "Payments on account of Surplus Profits."

APPENDIX II. (*c*)

SEA-BORNE TRADE.

(*i*). *Summary of Sea-borne Trade.*

——	1927-28.	1928-29.	1929-30.
On Private Account.			
	Rs.	*Rs.*	*Rs.*
Exports of Merchandise	328,69,13,133	337,96,11,677	317,92,67,432
Imports of Merchandise	*249,83,64,366*	*253,30,59,741*	*240,75,99,533*
Net Exports of Merchandise	78,85,48,767	84,65,51,936	77,16,67,899
Net Imports of Gold	*18,09,99,956*	*21,19,98,689*	*14,22,11,947*
Net Imports of Silver	*13,85,21,712*	*13,04,25,016*	*11,89,02,507*
Net Imports of Currency Notes	*23,89,111*	*12,06,257*	*8,74,321*
Net Imports of Treasure	*32,19,10,779*	*34,36,29,962*	*26,19,88,775*
Net Exports of Merchandise and Treasure on Private Account.	46,66,37,988	50,29,21,974	50,96,79,124
Government Transactions.			
Imports of Merchandise	*11,68,74,299*	*10,09,19,619*	*8,91,05,149*
Exports of Merchandise	1,57,24,150	1,18,94,979	1,05,73,227
Net Imports of Merchandise	*10,11,50,149*	*8,90,24,640*	*7,85,31,922*
Net Exports of Gold	—	—	3,551
Net Exports of Silver	1,57,085	3,27,18,090	3,26,90,309
Net Exports of Currency Notes	41,61,061	15,00,680	24,08,335
Net Exports of Treasure	43,18,146	3,42,18,770	3,51,02,195

(*ii*). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately.*

——	1927-28.	1928-29.	1929-30.
A. *On Private Account.*			
I. Food, Drink and Tobacco :—	*Rs.*	*Rs.*	*Rs.*
A. Fish (excluding canned fish)	36,97,879	25,76,167	26,31,274
B. Fruits and Vegetables	2,01,93,711	1,68,39,388	1,82,86,858
C. Grain, Pulse and Flour	2,30,70,097	10,72,80,817	5,42,05,036
D. Liquors	3,02,11,447	2,94,81,854	3,10,66,103
E. Provisions and Oilman's Stores	6,40,60,141	6,21,24,467	5,63,61,190
F. Spices	2,57,85,141	2,94,02,555	3,25,75,158
G. Sugar	14,90,55,163	16,08,94,983	15,77,65,467
H. Tea	69,00,264	74,22,285	63,89,618
I. Other Food and Drink	2,00,43,616	1,73,66,669	1,63,50,614
J. Tobacco	2,91,32,346	2,74,59,528	2,69,70,990
Total, Class I.	37,21,49,805	46,08,48,713	40,26,02,308
II. Raw Materials and Produce and articles mainly unmanufactured :—			
A. Coal	58,48,244	32,96,166	41,44,869
B. Other Non-metallic mining and quarry products and the like	1,88,49,324	1,55,91,314	1,61,17,110
C. Fodder, Bran and Pollards	1,24,741	1,48,822	2,16,056
D. Gums, Resins and Lac	60,45,351	55,26,481	92,99,878
E. Hides and Skins, raw or undressed	27,52,808	23,77,477	31,04,091
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	2,66,395	1,73,663	3,68,047
G. Oils—Vegetable, Mineral and Animal	11,08,68,166	11,53,22,648	11,63,11,009
H. Oilcakes of all kinds	13,058	15,918	11,775
I. Paper making materials	40,27,949	41,50,943	44,94,910
J. Rubber, raw or crude	86,305	26,884	2,53,758
K. Seeds, including nuts for oils	18,63,029	22,18,284	18,29,073
L. Tallow, Stearine and Wax	28,01,363	26,24,526	32,33,040
M. Cotton, raw and waste	6,74,48,419	3,90,79,137	3,42,15,277
N. Jute, raw	3,352	4,672	5,324
O. Silk, raw and waste	1,45,40,487	1,23,59,154	1,23,12,613
P. Wool, raw	44,94,814	49,52,846	51,70,596
Q. Other Textile Materials	9,76,772	8,13,463	8,75,291
R. Wood and Timber	64,74,175	59,75,132	78,03,715
S. Miscellaneous	83,61,700	1,05,40,819	1,27,15,295
Total, Class II.	25,58,46,452	22,51,98,349	23,24,81,727

(*ii*). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately*—continued.

—	1927-28.	1928-29.	1929-30.
A. *On Private Account (continued).*			
III. Articles wholly or mainly manufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Apparel	2,31,43,237	2,51,11,251	2,59,05,002
B. Arms, Ammunition and Military Stores	70,64,540	76,64,257	65,44,064
C. Chemicals, Drugs and Medicines	5,01,62,799	4,91,50,108	5,49,99,167
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	7,63,11,412	7,76,92,594	7,60,14,284
E. Dyes and Colours	4,32,17,288	4,36,53,785	3,99,50,495
F. Electrical Goods and Apparatus (other than Machinery)	2,83,49,247	3,12,95,414	3,60,95,363
G. Furniture, Cabinetware and Manufactures of Wood and Timber	47,35,113	60,68,253	63,17,106
H. Glassware and Earthenware	3,29,89,032	3,11,22,975	3,24,88,098
I. Hides and Skins, tanned or dressed, and Leather	64,28,568	63,98,526	68,35,681
J. Machinery of all kinds, including Belting for Machinery	16,99,48,845	19,43,24,230	19,35,32,407
K. Metals, Iron and Steel, and Manufactures thereof	21,42,93,143	20,23,49,658	17,20,03,666
L. Metals, other than Iron and Steel, and Manufactures thereof.	6,96,08,246	6,73,60,880	6,88,24,704
M. Paper, Pasteboard and Stationery	3,92,28,893	4,31,54,538	4,77,45,948
N. Railway Plant and Rolling Stock*	4,76,86,710	—	—
O. Rubber Manufactures	2,70,80,296	2,85,86,295	3,30,13,517
P. Vehicles (excluding Locomotives, etc., for Railway)	7,69,36,648	11,00,59,866	10,84,62,900
Q. Cotton Yarns and Manufactures	65,15,67,540	63,24,36,749	59,48,73,128
R. Jute „ „	24,08,076	26,53,079	24,14,783
S. Silk „ „	3,60,37,849	3,77,07,473	3,35,30,376
T. Woollen „ „	4,91,86,972	4,52,33,720	3,76,74,800
U. Other Yarns and Textile Fabrics	7,15,99,495	6,50,63,047	5,71,50,501
V. Miscellaneous	9,83,37,068	9,59,51,982	9,90,96,347
Total, Class III	182,63,21,017	180,30,38,680	172,84,72,337
IV. Living Animals.—			
A. Horses	36,37,260	33,37,440	30,08,597
B. Other Living Animals	2,05,661	2,33,259	2,33,377
Total, Class IV.	38,42,921	35,70,699	32,41,974
V. Postal Articles not specified	4,02,04,171	4,04,03,300	4,08,01,187
Total value of Imports of Merchandise on Private Account	249,83,64,366	253,30,59,741	240,75,99,533
B. *Government Stores*	11,68,74,299	10,09,19,619	8,91,05,149
Grand Total, Imports of Merchandise	261,52,38,665	263,39,79,360	249,67,04,682

(*iii*). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately.*

—	1927-28.	1928-29.	1929-30.
INDIAN MERCHANDISE.			
A. *On Private Account.*	*Rs.*	*Rs.*	*Rs.*
Food, Drink and Tobacco :—			
A. Fish (excluding Canned Fish)	87,13,418	78,24,082	73,90,762
B. Fruits and Vegetables	1,05,42,096	96,15,231	90,61,581
C. Grain, Pulse and Flour	42,92,03,059	33,69,42,417	34,79,16,340
D. Liquors	3,335	1,077	1,456
E. Provisions and Oilman's Stores	61,20,987	64,48,137	60,40,378
F. Spices	2,39,95,517	1,58,80,440	1,96,38,765
G. Sugar	7,81,493	5,48,062	3,68,486
H. Tea	32,48,49,243	26,60,44,198	26,00,63,568
I. Other Food and Drink	2,34,73,117	1,71,15,779	1,45,42,487
J. Tobacco	1,06,13,308	1,29,47,034	1,06,42,057
Total, Class I.	83,82,95,573	67,33,66,457	67,56,65,880

* Discontinued from April, 1928.

(*iii*). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

——	1927-28.	1928-29.	1929-30.
INDIAN MERCHANDISE—*cont.*			
A. On Private Account.			
II. Raw materials and produce and articles mainly unmanufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Coal	75,77,299	71,32,028	71,61,253
B. Other Non-Metallic mining and quarry products and the like	94,79,015	92,44,398	1,06,05,534
C. Fodder, Bran and Pollards	1,36,74,263	1,44,93,212	1,18,63,142
D. Gums, Resins and Lac	7,18,90,063	8,86,07,637	7,71,64,908
E. Hides and Skins, raw or undressed	8,80,94,418	9,55,97,664	7,98,19,953
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	3,30,17,088	2,99,90,545	3,57,30,356
G. Oils—Vegetable, Mineral and Animal	70,98,083	86,63,371	72,39,903
H. Oilcakes of all kinds	3,14,18,952	3,84,17,955	3,11,91,569
I. Paper-making Materials	1,32,773	1,47,968	1,18,273
J. Rubber, raw or crude	2,57,09,077	1,99,85,435	1,78,87,892
K. Seeds, including nuts for oils	26,69,29,831	29,62,51,658	26,47,15,779
L. Tallow, Stearine and Wax	11,15,195	7,97,063	7,97,419
M. Cotton, raw and waste	48,19,53,026	66,69,09,888	65,60,34,543
N. Jute ,, ,,	30,66,25,972	32,34,91,538	27,17,37,585
O. Silk ,, ,,	36,38,042	27,80,902	30,00,024
P. Wool ,, ,,	4,36,03,409	4,88,53,653	4,42,21,543
Q. Other Textile Materials	81,30,413	87,56,449	68,34,528
R. Wood and Timber	1,63,71,219	1,74,89,236	1,77,61,260
S. Miscellaneous	2,69,21,906	2,50,91,065	2,55,15,206
Total, Class II.	1,44,33,80,044	1,70,27,01,663	1,56,43,91,665
III. Articles wholly or mainly manufactured :—			
A. Apparel	28,71,541	25,46,642	29,55,628
B. Arms, Ammunition and Military Stores	1,215	865	899
C. Chemicals, Drugs and Medicines	2,51,36,313	2,15,66,815	2,05,18,348
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	23,44,308	16,89,277	21,04,010
E. Dyes and Colours	1,69,03,539	1,28,30,004	1,17,22,023
F. Electrical Goods and Apparatus (other than Machinery)	—	—	—
G. Furniture, Cabinetware, and manufactures of wood and timber	6,39,008	4,86,181	6,18,501
H. Glass and Earthenware	2,91,994	2,51,611	2,36,933
I. Hides and Skins, tanned or dressed, and Leather	9,19,35,700	9,44,31,718	8,16,24,678
J. Machinery of all kinds, including belting for machinery	61,980	66,101	51,921
K. Metals, Iron and Steel, and manufactures thereof	1,80,16,606	2,12,96,339	2,61,69,588
L. Metals, other than Iron and Steel, and manufactures thereof	3,86,74,625	3,78,16,525	4,13,95,610
M. Paper, Pasteboard and Stationery	1,46,279	1,29,314	1,43,262
N. Railway Plant and Rolling Stock*	4,81,191	—	—
O. Rubber manufactures	54,826	13,339	29,876
P. Vehicles (excluding locomotives etc., for Railways)	32,248	20,449	44,087
Q. Cotton, yarns and manufactures	8,67,23,397	7,79,55,783	7,18,67,090
R. Jute ,, ,, ,,	53,56,42,723	56,90,49,215	51,92,67,860
S. Silk ,, ,, ,,	6,31,020	4,36,001	2,31,465
T. Woollen ,, ,, ,,	97,34,188	1,02,17,811	91,32,731
U. Other yarns and textile fabrics	8,86,181	11,95,775	14,77,546
V. Miscellaneous articles, wholly or mainly manufactured	4,45,46,262	4,38,90,557	5,12,20,869
Total, Class III.	87,57,55,144	89,58,90,322	84,08,12,865
IV. Living Animals:—			
A. Horses	42,550	1,10,700	33,600
B. Cattle	14,60,879	5,35,104	1,74,404
C. Sheep and Goats	26,91,637	29,38,809	30,73,469
D. Other living animals	4,91,494	4,10,406	3,99,016
Total, Class IV.	46,86,560	39,95,019	36,80,489

* Discontinued from April 1928.

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

—	1927-28.	1928-29.	1929-30.
INDIAN MERCHANDISE (*contd.*).			
A. Private Account.			
Class V. Postal Articles	*Rs.* 2,94,18,045	*Rs.* 2,53,25,323	*Rs.* 2,34,41,051
Total Value of Exports of Indian Merchandise on private account	3,19,15,35,366	3,30,12,78,786	3,10,79,91,950
B. *Government Stores*, Exports of Indian Merchandise	1,27,12,579	1,06,33,424	94,77,318
Total Exports of Indian Merchandise	3,20,42,47,945	3,31,19,12,210	3,11,74,69,268
C. *Re-exports*—On Private Account .. Government Stores ..	9,53,77,767 30,11,571	7,83,32,891 12,61,555	7,12,75,482 10,95,909
Total re-exports	9,83,89,338	7,95,94,446	7,23,71,391
Grand Total, Exports of Merchandise	3,30,26,37,283	3,39,15,06,656	3,18,98,40,659

(iv). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin.*

Note.—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1927-28.	1928-29.	1929-30.
British Empire :—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	1,19,21,01,021	113,24,42,969	103,08,00,301
Aden and Dependencies	66,01,213	62,47,421	57,96,063
Ceylon	1,90,06,847	2,10,40,666	1,81,91,341
Straits Settlements (including Labuan)	5,84,21,731	5,10,86,712	6,15,04,766
Hong Kong	1,15,80,774	78,33,092	68,83,976
Union of South Africa	54,11,476	52,89,055	60,77,549
Mauritius and Dependencies (including Seychelles)	1,02,709	3,68,156	37,642
Zanzibar and Pemba	41,21,719	33,11,736	45,63,883
Kenya Colony	2,17,56,235	2,38,50,228	2,98,21,121
Canada	1,78,50,307	3,01,69,418	3,39,56,589
Australia	1,91,66,751	8,45,55,088	5,52,70,467
New Zealand	1,43,230	1,04,705	3,48,925
Other British Possessions	74,29,399	51,17,212	53,89,590
Total—British Empire	1,36,36,93,412	137,14,16,458	125,86,42,213

(iv). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin*—continued.

NOTE—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1927-28.	1928-29.	1929-30.
Foreign Countries :—	*Rs.*	*Rs.*	*Rs.*
Russia	48,52,016	84,87,218	81,73,460
Sweden	1,25,60,041	1,10,84,766	1,38,43,766
Norway	87,01,958	78,98,062	1,02,91,343
Germany	15,34,34,747	15,84,36,461	15,82,67,212
Netherlands	4,80,60,422	4,76,78,761	4,21,85,638
Belgium	7,47,63,595	7,19,96,747	6,78,76,679
France	4,30,15,164	4,77,56,040	4,56,82,384
Spain	34,03,400	26,78,313	30,78,631
Switzerland	2,68,10,247	2,57,12,189	2,12,15,456
Italy	6,76,30,625	7,35,81,631	6,73,75,001
Austria	1,26,08,336	1,40,11,930	1,23,06,525
Hungary	8,11,537	6,54,456	71,32,329
Czechoslovakia	1,22,39,457	1,29,49,424	1,66,06,732
Arabia	51,46,891	35,33,857	35,79,321
Iraq	95,15,907	71,51,634	1,02,33,893
Persia	2,94,80,760	3,82,46,989	3,67,98,645
Java	14,70,75,220	16,41,57,289	13,66,82,758
Borneo (Dutch)	1,36,31,029	1,17,79,629	1,01,42,305
Siam	23,12,019	31,61,794	18,42,693
China (exclusive of Hong Kong and Macão)	4,41,26,962	4,31,77,502	4,09,44,867
Japan	17,90,19,207	17,67,67,462	23,59,26,164
Egypt	52,86,483	48,78,653	44,13,989
Portuguese East Africa	15,09,079	8,99,759	9,21,784
Italian East Africa	15,64,339	12,75,276	14,23,892
United States of America	20,43,18,046	17,36,11,658	16,16,76,742
Other Foreign Countries	2,27,93,467	5,00,75,783	3,03,35,311
Total Foreign Countries	113,46,70,954	116,16,43,283	114,89,57,320
Grand Total	249,83,64,366	253,30,59,741	240,75,99,533

(v). *Sea-borne Trade—Analysis of* Exports *of Indian Merchandise on Private Account, showing separately the principal countries of destination.*

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1927-28.	1928-29.	1929-30.
British Empire :—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	78,87,44,427	69,04,39,078	67,32,04,799
Aden and Dependencies	1,74,64,386	1,93,82,286	1,36,43,421
Ceylon	15,22,45,692	13,76,69,135	12,81,25,398
Straits Settlements (including Labuan) ..	9,11,20,270	7,81,14,572	7,91,38,323
Hong Kong	2,07,49,278	2,40,73,114	2,93,59,133
Union of South Africa	2,52,59,629	2,41,52,995	2,25,22,906
Mauritius and Dependencies (including Seychelles)	1,93,07,734	1,63,19,591	1,66,55,458
Zanzibar and Pemba	70,84,175	47,99,905	56,25,187
Kenya Colony	94,45,240	1,06,31,599	94,93,216
Canada	2,18,97,844	2,44,04,219	2,40,06,429
British West India Islands	41,90,986	44,34,292	51,74,487
Australia	6,60,88,091	7,37,63,036	5,78,00,799
New Zealand	77,10,747	87,26,847	77,63,986
Other British Possessions	2,72,16,130	3,35,02,876	3,74,89,140
Total—British Empire	125,85,24,629	115,04,13,545	111,00,02,682

(v). *Sea-borne Trade—Analysis of* Exports *of Indian Merchandise on Private Account, showing separately the principal countries of destination*—continued.

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1927-28.	1928-29.	1929-30.
	Rs.	*Rs.*	*Rs.*
Foreign Countries :—			
Russia	49,51,062	24,90,742	39,92,489
Sweden	29,59,962	32,10,690	44,50,783
Norway	30,97,900	29,75,045	42,32,746
Germany	32,22,85,626	32,32,08,897	25,70,72,668
Netherlands	8,10,89,887	8,70,58,965	8,59,66,909
Belgium	10,92,18,228	13,40,01,836	12,19,95,821
France	15,96,83,906	17,76,75,363	16,26,93,252
Spain	3,31,04,027	3,90,76,839	3,62,83,170
Switzerland	31,964	43,579	40,443
Italy	12,86,51,186	15,18,63,136	11,31,57,105
Austria	27,62,203	8,81,780	4,45,782
Turkey, European	27,08,250	27,52,735	20,82,719
,, Asiatic	36,15,975	21,68,671	14,75,113
Arabia	2,33,13,619	2,20,24,630	2,09,30,754
Iraq	1,65,60,191	1,50,29,440	1,15,57,695
Persia	1,87,58,836	1,59,09,694	1,61,40,668
Sumatra	1,84,11,487	1,51,98,700	1,88,36,666
Borneo and Java	2,49,06,400	3,75,90,769	4,28,46,742
Siam	1,98,40,787	1,72,51,866	1,47,04,806
Indo-China	2,27,36,892	1,69,51,625	1,60,95,209
China (exclusive of Hong Kong and Macão)	4,46,96,598	9,43,84,231	13,02,19,757
Japan	29,00,66,282	34,42,56,945	32,27,68,223
Egypt	3,06,26,643	3,40,65,843	4,98,94,178
Portuguese East Africa	1,53,04,195	1,33,13,416	1,20,08,040
Italian East Africa	19,72,336	41,69,508	28,06,257
Other East African Ports	15,10,325	34,46,733	24,41,781
United States of America	35,97,77,376	39,11,17,417	36,31,78,594
West Indies	4,08,62,965	3,81,03,248	3,38,38,306
South America	10,67,09,860	10,97,02,827	10,02,91,484
Other Foreign Countries	4,27,95,769	5,09,40,071	4,55,41,108
Total—Foreign Countries	193,30,10,737	215,08,65,241	199,79,89,268
Grand Total	319,15,35,36[illegible]	330,12,78,786	310,79,91,950

Printed by H.M.S.O. Press, Harrow.

EAST INDIA.
ACCOUNTS AND ESTIMATES
1931-1932

EXPLANATORY MEMORANDUM
By the Secretary of State for India

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MEMORANDUM

BY THE

SECRETARY OF STATE FOR INDIA

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA (Central Government) for 1929–30 and the ESTIMATES for 1930–31 and 1931–32.

I.—INTRODUCTION.

This Memorandum is concerned with the budget position up to the passing into law of the Indian Finance Act in March, 1931. The adverse developments in the first half of the year 1931–32, due to the continuance of the world-wide depression, have necessitated a Supplementary Budget, which is before the Indian Legislature.

Separation of Central and Provincial Finances.

The Government of India Act, 1919, was designed *inter alia* to secure a greater measure of independence for Provincial Governments, and to this end provision was made, in the Act and in Rules subsequently published under authority of the Act, for the delimitation of the functions of Government as between the Government of India and the chief Provincial Governments, and for the definite assignment to each of these Provincial Governments of specific revenues of their own. Effect has been given to these measures of devolution in the nine " Governor's Provinces " viz. : Madras, Bombay, Bengal, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces, Assam and Burma, and in the Province of Coorg. As regards these provinces the functions of Government have been classified as either " central subjects " or " provincial subjects." A general authority to control all matters coming under the latter head, subject to certain expressed provisos, is devolved upon the Local Governments concerned.

The sources of revenue available to Local Governments for the purpose of defraying their administrative charges consist, in the main, of the receipts from those provincial subjects which are revenue-producing, the principal heads being Land Revenue, Irrigation, Stamp Duties and Excise. In addition, a local Government is given a small share in any expansion of Income Tax (otherwise a " central " source of revenue) that may be due to an increase of the total assessed incomes within the Province over that of 1920–21.

When the division of the sources of revenue was made between the Central and Provincial Governments, it was realized that the Central Government would be left insufficiently provided. It was therefore arranged that an annual contribution should be made by eight of the local Governments to the Central Government. The annual contributions fixed at the outset aggregated 983 lakhs

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of rupees. They were not, except in case of emergency and with the sanction of the Secretary of State, to be subject to increase, and, should reduction of the aggregate be found possible, reductions were to be made in fixed proportions from the quotas of the several Provinces. The general policy pursued aimed at the progressive reduction of the provincial contributions with a view to their ultimate cessation as soon as the revenues of the Central Government permitted. They ceased to be levied as from 1927–28.

The revised financial arrangements outlined above came into force from the 1st April, 1921, as from which date all " provincial " revenue and expenditure ceased to be included in the estimates and accounts of the Central Government. In the case of Coorg the separation was made on 1st April, 1924. The annual volumes of the " Finance and Revenue Accounts of the Government of India," commencing with that for 1921–22, exhibit separately the revenue and expenditure of the Central Government and of each of the Provincial Governments. The Central Government and each Provincial Government issues annually a separate volume containing its own budget estimate for the forthcoming year and, in most cases, a revised estimate for the closing year. This Memorandum, however, deals with the Accounts and Estimates of the Central Government only, except where otherwise stated.

Separation of Railway Finance from General Finance.

In accordance with a Resolution passed in the Legislative Assembly in September, 1924, Railway Finance has been separated from the general finances of Government with effect from the year 1924–25. The Railway revenue account and the contributions of the Railways to the general revenues are shown on pages 26 to 28.

Rates of Exchange.

In the Accounts for 1929–30 sterling amounts under Revenue and Capital heads are converted into rupees at Rs. 13·4454 per £1, the average of the daily rates for telegraphic transfers in Calcutta on London for that year, sterling amounts under Debt and Remittance heads being converted at Rs. 13⅓ per £1 (1s. 6d. to the rupee).

In the estimates sterling expenditure is converted into rupees at the following rates :—

Budget, 1930–31	1s. 6d. per rupee (Rs. 13⅓ per £1).
Revised Estimate, 1930–31 ..	1s. $5\frac{25}{32}$d. per rupee (Rs. 13·4974 per £1).
Budget, 1931–32	1s. 6d. per rupee (Rs. 13⅓ per £1).

II.—REVENUE, AND EXPENDITURE CHARGED TO REVENUE.

Gross Revenue and Expenditure.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follows :—

Gross Revenue and Expenditure.	Accounts, 1929-30.	Budget, 1930-31.	Revised Estimate, 1930-31.	Budget, 1931-32.
	Rs.	Rs.	Rs.	Rs.
Revenue	1,32,68,55,102	1,35,64,11,000	1,23,43,61,000	1,34,86,64,000
Expenditure	1,32,41,71,504	1,34,78,11,000	1,36,12,03,000	1,34,85,58,000
Surplus (+) or *Deficit* (−)	+ 26,83,598	+ 86,00,000	− *12,68,42,000*	+ 1,06,000

In these figures all receipts on revenue account are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies, are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure.

The figures of Gross Revenue given above include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges, the total receipts from the sale of opium, and the receipts of certain spending departments ; while the figures of Gross Expenditure include the interest charges of commercial undertakings, and the cost of cultivation and manufacture of opium. This method of compilation may cause the revenue available for administrative purposes and the expenditure on such purposes to appear greater than they really are. A statement of the net revenue and expenditure of the Central Government for the three years under review is therefore given in the table below, which shows the *net* revenue derived from commercial undertakings, after deducting all expenditure including interest charges, and *net* figures under other heads of revenue and expenditure obtained by deducting (1) the cost of cultivation and manufacture of opium from sale receipts, and (2) the receipts of the spending departments from the gross expenditure incurred by them. The cost of the establishments maintained for the collection of revenue other than opium is not shown as a deduction from revenue, but as a separate head of expenditure.

Net Revenue.

———	Accounts, 1929-30.		Budget Estimate, 1930-31.		Revised Estimate, 1930-31.		Budget Estimate, 1931-32.	
I. *Principal Heads of Revenue :—*	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Customs ..	51,27,66,229		54,63,81,000		46,01,93,000		56,45,97,000	
2. Taxes on Income ..	16,70,60,821		17,99,78,000		15,79,83,000		17,44,54,000	
3. Salt	6,76,46,354		7,04,83,000		6,85,00,000		7,05,00,000	
4. Opium ..	2,55,28,515		2,07,23,000		1,87,36,000		1,41,95,000	
5. Other Heads..	2,25,60,177		2,30,86,000		2,20,63,000		2,21,46,000	
		79,55,62,096		84,06,51,000		72,74,75,000		84,58,92,000
II. *Commercial Undertakings :—*								
1. Railways ..	6,11,85,963		5,73,57,000		5,73,57,000		5,36,02,000	
2. Irrigation ..	*—20,01,734*		*—11,46,000*		*—29,59,000*		*—8,35,000*	
3. Posts and Telegraphs ..	*—81,18,421*		*—71,21,000*		*—1,59,39,000*		*—91,70,000*	
		5,10,65,808		4,90,90,000		3,84,59,000		4,35,97,000
III. *Currency and Mint*								
1. Currency ..	2,03,18,357		2,01,95,000		70,92,000		8,20,000	
2. Mint	*—3,70,046*		9,54,000		*—44,67,000*		*—23,57,000*	
		1,99,48,311		2,11,49,000		26,25,000		*—15,37,000*
IV. *Miscellaneous Adjustments with Provincial Governments*		3,011		—		—		—
V. *Miscellaneous Civil Receipts* ..		35,24,338		28,60,000		30,49,000		23,74,000
VI. *Extraordinary Items* ..		1,88,88,378		31,50,000		83,22,000		30,19,000
Total Net Revenue ..		88,89,91,942		91,69,00,000		77,99,30,000		89,33,45,000

Net Expenditure.

	Accounts, 1929–30.		Budget Estimate, 1930–31.		Revised Estimate, 1930–31.		Budget Estimate, 1931–32.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Debt Services* ..		12,18,06,838		14,36,27,000		13,90,19,000		15,85,41,000
II. *Military Services* :—								
1. Army ..	50,16,34,420		49,48,27,000		48,63,01,000		47,60,38,000	
2. Marine ..	67,79,133		68,96,000		69,93,000		69,40,000	
3. Military Engineer Services	4,12,45,225		4,43,84,000		4,50,57,000		3,98,98,000	
4. Transfers to *or from* Military Reserve Fund	13,41,222		*— 26,07,000*		46,49,000		*— 28,76,000*	
		55,10,00,000		54,35,00,000		54,30,00,000		52,00,00,000
III. *Collection of Revenue*		3,59,67,959		3,71,00,000		3,64,90,000		3,66,71,000
IV. *Civil Administration*		11,49,31,812		12,20,15,000		12,57,36,000		12,02,91,000
V. *Miscellaneous Civil Charges* ..		3,85,26,923		3,59,36,000		3,79,39,000		3,58,77,000
VI. *Civil Works* ..		2,35,61,614		2,54,89,000		2,40,19,000		2,16,43,000
VII. *Forest and other Capital Outlay charged to Revenue* ..		5,13,198		6,33,000		5,69,000		2,16,000
Total Net Expenditure charged against Revenue		88,63,08,344		90,83,00,000		90,67,72,000		89,32,39,000
Surplus (+) or *Deficit* (—)		+ 26,83,598		+ 86,00,000		*— 12,68,42,000*		+ 1,06,000

Accounts, 1929-30.

The Accounts for 1929-30 show a surplus of Rs. 26·84 lakhs, compared with a surplus of Rs. 35 lakhs in the Revised Estimate for the same year.

Revised Estimate, 1930-31.

The Revised Estimate for 1930-31 showed a deficit of Rs. 12,68·42 lakhs as compared with a surplus of Rs. 86 lakhs in the Budget. The Revised Estimate took account of changes in taxation which came into effect on 1st March, 1931, and which were estimated to yield Rs. 88 lakhs up to 31st March, 1931. Excluding these additional taxation receipts, the Revised Estimate is worse than the Budget by Rs. 14,42 lakhs, chiefly accounted for by a fall of Rs. 9½ crores under Customs revenue and a fall of nearly Rs. 2¼ crores under Taxes on Income.

The principal *net* variations in the Revised Estimate of 1930-31 from the Budget figures are shown below. Explanations of the main differences are given under their respective heads in Appendix I (*see* page 24).

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Extraordinary Items	51,72,000	Customs	8,61,88,000
Miscellaneous Civil Receipts	1,89,000	Taxes on Income ..	2,19,95,000
		Currency and Mint ..	1,85,24,000
		Posts and Telegraphs	88,18,000
		Opium	19,87,000
		Salt	19,83,000
		Irrigation	18,13,000
		Other Heads	10,23,000
Total	53,61,000	Total	14,23,31,000

Net decrease Rs. 13,69,70,000.

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Civil Administration	37,21,000	Debt Services ..	46,08,000
Miscellaneous Civil Charges	20,03,000	Civil Works	14,70,000
		Collection of Revenue	6,10,000
		Military Services ..	5,00,000
		Forest and other Capital Outlay charged to Revenue	64,000
Total	57,24,000	Total	72,52,000

Net decrease Rs. 15,28,000.

Budget, 1931-32.

The Government of India framed the Budget estimates on a cautious basis so far as world conditions were concerned, but otherwise assumed fairly normal conditions in India. After taking into account certain economies in Civil and Military expenditure, the final Budget provided for expenditure of Rs. 134·86 crores against a revenue of Rs. 134·85 crores giving

an estimated surplus of Rs. 1 lakh. To attain this result, in addition to economies in expenditure, extra revenue had to be provided by additional taxation to the extent of Rs. 13·77 crores.

It was stated by the Finance member that "expenditure and revenue returns will have to be carefully watched and, if conditions show signs of deterioration, it may be necessary to take *interim* measures to counteract that."

Retrenchment Committees were formed after the Budget had been passed to examine the possibilities of still further economies in expenditure including cuts in pay.

The new taxation was confined to the heads, Customs, Excise and Taxes on Income as being the only sources ready to hand for providing sums of the magnitude required. The estimated additional yield in 1931–32 was as follows, viz. :—

	Rs. lakhs.
(i) Increased import duties on galvanised iron and steel pipes and sheets, imposed with effect from 30th December, 1930	50
(ii) Increased Customs and Excise Duties (see Appendix II, page 34)	932
(iii) Increased rates of Taxes on Income (see Appendix II, page 37)	395
Total	1,377

The Finance Bill, which provided *inter alia* for the increased Customs and excise duties and fixed the rates of Income Tax and Super Tax, was not passed by the Legislative Assembly after being recommended by the Governor General. After being passed however by the Council of State, it was certified by the Governor General under section 67B of the Government of India Act (*vide* Parliamentary Paper H.C. 109 of 1931) and became an Act on 30th March, 1931.

No change was made in the rates of Salt Duty* or Postage and the interest on securities in the Paper Currency Reserve and the surplus in the Gold Standard Reserve over £40 millions will be credited to revenue.

The Legislative Assembly made the following reductions in revenue expenditure in the course of the voting of the demands for grants for 1931–32, viz. :—

Demand.	*Rs.*
Railway Board	1,00,000
Ditto	100
Customs..	100
Taxes on Income	100
Executive Council	100
Army Department	100

* The Salt (Additional Import Duty) Act, 1931, since passed imposes a temporary additional duty of customs on foreign salt. The Act was designed to protect the Indian Salt Industry. Neither this Act nor the Wheat (Import Duty) Act, 1931, was expected to have any appreciable effect on the revenue position.

All these reductions have been accepted so far as the demands are concerned.

In the Budget, as finally passed, the Net Revenue and Expenditure were estimated as follows :—

	Rs.
Net Revenue	89,33,45,000
Net Expenditure	89,32,39,000
Surplus	1,06,000

As compared with the Revised Estimate for 1930–31, these figures show an increase in net revenue of Rs. 11,34,15,000, and a decrease in net expenditure of Rs. 1,35,33,000.

The increases and decreases in the Budget as compared with the Revised Estimate for 1930–31 in detail are as follows :—

Net Revenue.

Increases.	Rs.	*Decreases.*	Rs.
Customs	10,44,04,000	Extraordinary Items	53,03,000
Taxes on Income ..	1,64,71,000	Opium	45,41,000
Posts and Telegraphs	67,69,000	Currency and Mint ..	41,62,000
Irrigation	21,24,000	Railways	37,55,000
Salt	20,00,000	Miscellaneous Civil Receipts	6,75,000
Other Heads	83,000		
Total	13,18,51,000	Total ..	1,84,36,000

Net increase Rs. 11,34,15,000

Net Expenditure.

Increases.	Rs.	*Decreases.*	Rs.
Debt Services ..	1,95,22,000	Military Services ..	2,30,00,000
Collection of Revenue	1,81,000	Civil Administration	54,45,000
		Civil Works	23,76,000
		Miscellaneous Civil Charges	20,62,000
		Forest and Other Capital Outlay charged to Revenue	3,53,000
Total	1,97,03,000	Total ..	3,32,36,000

Net decrease Rs. 1,35,33,000

Notes on the Heads under which the principal variations occur will be found in Appendix I. (*See* page 24.)

A Supplementary Budget to maintain a balanced revenue position for 1931–32 and 1932–33 together is before the Indian Legislature.

III.—TAXATION PER HEAD IN BRITISH INDIA.

	Accounts, 1929-30.	Budget Estimate, 1930-31.	Budget Estimate, 1931-32.
	Lakhs of Rs.	*Lakhs of Rs.*	*Lakhs of Rs.*
Customs	51,12·59	54,48·17	56,29·33
Taxes on Income	17,06·35	18,29·67	17,70·94
Salt	6,36·77	6,66·47	6,67·51
Excise	20,11·35	19,80·61	16,94·20
Stamps	14,12·41	13,90·00	13,04·89
Registration	1,37·03	1,41·97	1,29·27
Scheduled Taxes	40·55	39·59	44·39
Total (excluding Land Revenue) ..	1,10,57·05	114,96·48	1,12,40·53
Land Revenue	33,21·59	36,00·25	36,19·79
Total (including Land Revenue) ..	1,43,78·64	150,96·73	1,48,60·32
The taxation per head on the assumption that the whole is paid by the inhabitants of British India, is :—	*Rs.*	*Rs.*	*Rs.*
(i) exclusive of Land Revenue..	4·11	4·23	4·10
(ii) inclusive of Land Revenue..	5·34	5·56	5·41

The above figures include both Central and Provincial revenue.

For the purpose of calculating the taxation per head, the figures of population have been based on the Census of 1931 (271,749,312), an annual increase of population at the rate of one per cent. being assumed.

IV.—DEBT TRANSACTIONS AND CAPITAL EXPENDITURE.

Debt Transactions.

1930-31.

Indian Treasury Bills of 3 and sometimes 6 and 9 months' currency were sold in India during the year, except for the period 23rd July to 11th August, 1930. The amount outstanding with the public on 31st March, 1930, was Rs. 36·04 crores and on 31st March, 1931, Rs. 55·37 crores. In addition Rs. 5·89 crores were held in the Paper Currency Reserve on 31st March, 1931, as against Rs. 29·22 crores held on 31st March, 1930.

On the 20th May, 1930, £7,000,000 India 6 per cent. Bonds, repayable at par in 1933–35, were issued in London at £99 per cent., to provide funds for capital expenditure on railways and for general purposes. The loan was over-subscribed.

The Rupee Loan of 1930 was open to subscription from 28th July to 6th August inclusive. It took the form of 6 per cent. Bonds 1933–36, without limit of amount, and was issued at par. Subscriptions were accepted in cash, Indian Treasury Bills and 6 per cent. Bonds, 1930. The 1930 Bonds were taken for conversion at par and the Indian Treasury Bills at their face value less discount of 3, 4 or 4½ per cent. per annum, respectively, according as they matured by 31st August, in September and October, or on or after 1st November, 1930.

The results of the issue were as follows :—

Form of subscription.	*Nominal amount of 1933–36 bonds applied for.*
	Rs. lakhs.
Cash	12·96
Treasury Bills	8·46
1930 Bonds	8·28
	29·70

On 14th October, 1930, £12,000,000 India 6 per cent Bonds, repayable at par in 1935–37, were issued in London at par to provide for the repayment of £6,000,000 India Bills due December, 1930, and to provide funds for capital expenditure on railways and for general purposes. The loan was over-subscribed.

On 9th February, 1931, £12,000,000 India 5½ per cent. Stock, repayable at par in 1936–38, was issued in London at £97 per cent. for payment in cash and £5,181,249 of like stock was issued in conversion of £5,000,000 of India 5½ per cent Stock 1932 at 103⅝ per cent.

The proceeds of the cash issue were to provide funds for capital expenditure on railways in India and for general purposes. The issue was over-subscribed.

Short dated Loans amounting to £6,000,000 were taken from the London Office of the Imperial Bank of India in July and August, 1930; £2,000,000 were repaid in March, 1931, and the balance of £4,000,000 remained outstanding on 31st March, 1931.

The net increase in the Permanent Debt in India was estimated at Rs. 12¾ crores, about Rs. 29¾ crores new debt having been raised and about Rs. 17 crores of 1930 Bonds and other loans having been discharged by repayment or conversion. The floating debt in India was estimated to be reduced by Rs. 14·6 crores owing to a net reduction of Rs. 23·6 crores in the amount of bills held in the Paper Currency Reserve, partly set off by a net issue of Rs. 9 crores of Treasury Bills to the Public.

Unfunded debt in India was estimated to be increased by Rs. 7·38 crores, including Savings Bank Deposits, Rs. 4·23 crores and Post Office Cash Certificates, Rs. 3·20 crores.

Permanent Debt in England was increased by approximately £26¼ millions net resulting from the issues of India Bonds and Stock mentioned above, partly set off by £1·81 million redeemed from the Railway Sinking Funds and a part repayment of the capital portion of the Railway Annuities. Floating debt in England was reduced by nearly £2 millions owing to the discharge of £6,000,000 12 months' India Bills partly set off by loans amounting to £4 millions taken from the Imperial Bank of India in 1930–31, and outstanding at the end of the year.

1931–1932.

The Budget provided for a capital outlay of Rs. 13·38 crores, including Rs. 11·45 crores on the construction of State Railways ; Rs. 91·3 lakhs on Posts and Telegraphs ; Rs. 43·18 lakhs on Vizagapatam Port ; Rs. 37·38 lakhs in respect of the commuted value of pensions ; and Rs. 24·72 lakhs on the new Capital at Delhi ; for the discharge in India of :—

Permanent Debt amounting to Rs. 8·10 crores, and in England of :—

£1,597,500 for part capital redemption of the railway annuities created in purchase of railways ;

£14,730,750 for the discharge of the remainder of the 5½ per cent. Stock due for repayment on 15th January, 1932 ;

£200,025 for the statutory sinking funds established in connection with the purchase of the East Indian, Eastern Bengal, and the Scinde Punjab and Delhi Railways,

together with other small items of capital expenditure.

The Budget also contemplated the issue of a Rupee loan of Rs. 15 crores, partly to provide for the conversion of 6 per cent. Bonds, 1931 and the net discharge of about Rs. 1 crore of other debt, and partly to provide new money to the extent of Rs. 7¾ crores. It also assumed net receipts of Rs. 4 crores from sales of Post Office Cash Certificates and Rs. 5½ cores from Savings Bank deposits.

The sale of Indian Treasury Bills was continued in the form of 3, 6 and 9 months maturities up to 30th June, after which 3 and 6 months' Bills only were issued, and on the 1st October, 1931, the Bills outstanding with the public amounted to Rs. 74·85 crores.

On the 19th May, 1931, £10,000,000 India 6 per cent. bonds, repayable at par in 1933–34, were issued in London at par, to provide funds for capital expenditure on railways in India and for general purposes. About 62 per cent. of the loan was taken by the Underwriters.

India 6½ per cent. Treasury Bonds, 1935, were issued in India from 15th Sept., 1931, until further notice. Subscriptions were admissible in the form of Cash, Indian 6 per cent. Bonds 1931, and Indian Treasury Bills. The price of issue was at par for the first week increasing by 2 annas per cent. weekly to cover the accrued interest. Subscriptions received up to 30th October, 1931, were as follows:—

	Rs. lakhs.
Cash	12,24
1931 Bonds ..	2,03
Total ..	14,27

The £4,000,000 loans from the London Office of the Imperial Bank of India were repaid in April to June, 1931.

The amount of the permanent and floating public debt of the Government of India (Central Government) outstanding is given in the following table. The figures include debt incurred on behalf of Provincial Governments, the debenture stocks of various railways taken over by the Secretary of State on the transfer of the lines, and the capital value of liabilities undergoing redemption by way of terminable railway annuities.

	In India‡	In England*
	Rs.	£
31st March, 1930..	4,70,36,17,960	363,612,480
31st March, 1931..	4,78,51,27,660	387,899,875
31st March, 1932 (Estimate)	4,85,47,70,660	399,139,303

‡ Excludes Post Office Cash Certificates.
* Includes liability for British Government 5 per cent. War Loan, 1929–47, taken over by India.

A statement of the interest-bearing obligations (including the public debt) of the Government of India is given on page 17.

RAILWAYS.

On the 31st March, 1930, the length of railways in India open for traffic was 41,724 miles, of which 812 miles were opened in the preceding twelve months. The total route mileage under construction at the close of the year was 1,482 miles.

The capital expenditure on railways shown in the Accounts for 1929–30 and in the Estimates for 1930–31 and 1931–32, is as follows :—

——	Accounts, 1929–30.	Revised Estimate, 1930–31.	Budget, 1931–32.
	Rs.	*Rs.*	*Rs.*
Outlay on lines worked by the State and by guaranteed companies :—	..		
(1) From funds provided by the State ..	30,15,89,999§	14,50,00,000	11,45,00,000
(2) From funds raised through companies or provided from other sources ..	2,43,676	—	—
	30,18,33,675*	14,50,00,000*	11,45,00,000

*The figures in the above table have been arrived at after allowing for adjustment in respect of exchange.

§ Includes £5,256,631 paid to the Southern Punjab Railway Company in purchase of their line. Actually, £3,300,000 was paid in 1929–30, payment of the remainder being deferred under the terms of the contract until 30th April, 1930.

In addition to the above figures, capital expenditure is incurred on branch lines from funds deposited by Branch line Companies or advanced by the Government.

The following table shows the capital outlay on all State lines up to the end of the year and the net return obtained:—

——	Accounts, 1929–30.	Revised Estimate, 1930–31.	Budget, 1931–32.
Capital at charge at end of each year (Central Government)	*Rs.* 7,69,98,10,546	*Rs.* 7,84,48,10,546	*Rs.* 7,95,93,10,546
Working profit from railways excluding interest charges ..	34,49,69,921	27,63,57,000	34,79,55,000
Percentage of same to capital at charge ..	4·48%	3·52%	4·37%
Final working profit *or loss* after meeting interest charges ..	*Rs.* 4,03,64,257	*Rs.* *5,12,42,000*	*Rs.* 1,22,35,000
Percentage of same to capital at charge ..	0·52%	*0·65%*	0·15%

Posts and Telegraphs.

In the Budget for 1931–32 provision was made for Rs. 91·3 lakhs for capital outlay not charged to revenue on the Indian Postal and Telegraph and the Indo-European Telegraph Departments. Of this amount about Rs. 54 lakhs represented a book transfer from Capital to Revenue in connection with the sale of the Indo-European Telegraph undertaking. In the course of 1930–31 the negotiations regarding the disposal of the Indo-European Telegraph Department were concluded as explained in paragraph 40 of the Finance Member's Budget speech.

Expenditure on the New Capital at Delhi.

The capital expenditure incurred, or estimated to be incurred, during the three financial years under review, on permanent works at Delhi, is as follows :—

	Rs.
1929–30 (Accounts)	72,72,239
1930–31 (Revised Estimate)	52,90,000
1931–32 (Budget Estimate)	24,72,000

The total actual capital expenditure incurred up to 31st March, 1930, was Rs. 14,15,63,005.

Other Capital Expenditure.

Provision has also been made for the following items of expenditure of the Central Government charged outside the Revenue account :—

——	Accounts, 1929–30.	Revised Estimate, 1930–31.	Budget, 1931–32.
	Rs.	*Rs.*	*Rs.*
Construction of Irrigation works	2,99,477	46,000	67,000
Capital Outlay on Vizagapatam Port	35,75,018	38,75,000	43,18,000
Payment of commuted value of pensions ..	38,08,683	39,51,000	37,38,000
Capital outlay on Security Printing	22,754	4,43,000	*—3,94,000*
Capital Outlay on Currency Note Printing Press	68,632	1,58,000	5,000
Capital Outlay on Bombay Land Scheme ..	—	2,12,29,000	—

Interest-bearing obligations of the Government of India.

The following table exhibits the interest-bearing obligations of the Government of India and shows also the portion of Indian Debt incurred on behalf of Government Commercial undertakings and of the Provincial Governments.

Statement showing the interest-bearing obligations and certain interest-bearing assets of the Government of India, at the close of each financial year.

	31st March, 1927.	31st March, 1928.	31st March, 1929.	31st March, 1930.	31st March, 1931. (Budget.)
In India :	(In crores of rupees.)				
Loans (*a*)	374·44	372·25	390·73	405·11	417·85
Treasury Bills in the hands of the public	—	7·59	4·00	36·04	45·00
Treasury Bills in the Paper Currency Reserve	41·47	31·94	39·15	29·22	5·65
Other Obligations :—					
Post Office Savings Banks	29·51	32·67	34·49	37·13	36·39
Cash Certificates	26·68	30·70	32·30	35·00	38·20
Provident Funds, etc.	51·02...	55·82	60·52	65·41	70·33
Depreciation and Reserve Funds	20·10	25·48	31·09	30·18	23·87
Provincial Balances (*b*)	10·49	10·48	10·43	10·21	6·11
Total Loans, etc.	415·91	411·78	433·88	470·37	468·50
Total Other Obligations	137·80	155·15	168·83	177·93	174·90
Total in India	553·71	566·93	602·71	648·30	643·40
In England :	(In millions of £.)				
Loans (*a*)	265·09	272·32	283·31	289·03	315·97
War Contribution	17·81	17·28	16·72	16·72	16·72
Capital value of liabilities undergoing redemption by way of terminable railway annuities	56·19	54·79	53·35	51·86	50·32
India Bills	—	—	—	6·00	—
Imperial Bank of India Loan	—	—	—	—	4·05
Provident Funds, etc.	·27	·19	·43	2·54	·70
Total in England	339·36	344·58	353·81	366·15	387·76
	(In crores of rupees.)				
Equivalent at 1*s.* 6*d.* to the Rupee	452·48	459·44	471·75	488·20	517·01
Total Interest-bearing obligations	1,006·19	1,026·37	1,074·46	1,136·50	1,160·41
Interest-yielding assets :					
(i) Capital advanced to Railways	635·46	668·60	700·69	730·79	745·29
(ii) Capital advanced to other Commercial Departments	19·16	20·73	21·81	22·70	23·41
(iii) Capital advanced to Provinces	120·17	126·34	137·52	142·60	149·14
(iv) Capital advanced to Indian States and other interest-bearing loans	12·11	13·91	15·49	17·65	19·60
Total Interest-yielding assets	786·90	829·58	875·51	913·74	937·44
Cash, bullion, and securities held on Treasury account	37·48	24·26	28·34	45·36	29·06
Balance of total interest-bearing obligations not covered by above assets	181·81	172·53	170·61	177·40	193·91

(*a*) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.

(*b*) The figures represent those portions of provincial balances which bear interest.

In addition to the cash, bullion and securities held on Treasury account, the Central Government held on 31st March, 1931. £40,000,000 in the Gold Standard Reserve.

V.—GENERAL STATEMENT OF THE RECEIPTS AND DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

The following table shows the opening balances, receipts, disbursements and closing balances, estimated or actual, of the Government of India in 1929–30, 1930–31, and 1931–32.

	Accounts, 1929–30.	Budget, 1930–31.	Revised Estimate, 1930–31.	Budget, 1931–32.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Opening Balance, India ..	9,20,46,097	17,79,20,097	25,76,33,677	12,74,69,677
Opening Balance, England	(*a*) 6,99,36,668	(*a*) 9,30,41,668	(*b*) 8,51,57,683	(*b*) 6,46,96,683
Total Opening Balance	16,19,82,765	27,09,61,765	34,27,91,360	19,21,66,360
RECEIPTS—				
Revenue Surplus	26,83,598	86,00,000	—	1,06,000
Capital Contributions by Railway Companies and Indian States towards construction of State Railways ..	2,43,676	—	—	—
Permanent Debt (net incurred) ..	20,39,57,284	4,66,00,000	46,47,65,000	10,21,62,000
Floating Debt (net incurred)	30,10,65,000	—	—	—
Unfunded Debt (net incurred)	13,04,22,471	9,36,52,000	4,92,67,000	9,69,72,000
Deposits and Advances (net)	—	5,57,80,000	1,62,67,000	7,44,43,000
Railway Depreciation and Reserve Funds (net)	—	5,08,95,000	—	1,04,33,000
Remittances (net)	—	4,95,000	9,10,000	6,47,000
Total Receipts	63,83,72,029	25,60,22,000	53,12,09,000	28,47,63,000
Total	80,03,54,794	52,69,83,765	87,40,00,360	47,69,29,360
DISBURSEMENTS—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Revenue Deficit	—	—	12,68,42,000	—
Capital Outlay on Security Printing Press	22,754	45,000	4,43,000	*—3,94,000*
Construction of State Railways ..	30,18,33,675	16,75,00,000	14,50,00,000	11,45,00,000
Capital Outlay on Posts and Telegraphs	33,07,339	68,71,000	3,36,000	91,30,000
Construction of Irrigation Works ..	2,99,477	1,01,000	46,000	67,000
Capital outlay on Vizagapatam Port ..	35,75,018	34,20,000	38,75,000	43,18,000
Payment of Commuted Value of Pensions	38,08,683	33,59,000	39,51,000	37,38,000
Initial Expenditure on new Capital at Delhi	72,72,239	51,84,000	52,90,000	24,72,000
Capital Outlay on Bombay Land Scheme	—	2,05,22,000	2,12,29,000	—
Capital Outlay on Currency Note Printing Press	68,632	1,88,000	1,58,000	5,000
Capital Outlay on Lighthouses and Lightships	12,821	—	—	—
Floating Debt (net Discharged)	—	4,00,00,000	17,20,70,000	5,39,60,000
Deposits and Advances (net)	1,06,65,355	—	—	—
Railway Depreciation and Reserve Funds (net)	1,24,97,917	—	6,80,99,000	—
Loans and Advances by Central Government (net Advances)	7,20,11,416	6,73,62,000	8,43,95,000	7,49,71,000
Remittances (net)	51,12,412	—	—	—
Balances of Provincial Governments (net)	3,70,75,696	2,61,13,000	5,01,00,000	3,21,00,000
Total Disbursements ..	45,75,63,434	34,06,65,000	68,18,34,000	29,48,67,000
Closing Balance	34,27,91,360	18,63,18,765	19,21,66,360	18,20,62,360
Total	80,03,54,794	52,69,83,765	87,40,00,360	47,69,29,360
DISTRIBUTION OF CLOSING BALANCE—				
Closing Balance, India	25,76,33,677	12,95,94,097	12,74,69,677	12,03,84,677
Closing Balance, England	(*b*)8,51,57,683	(*a*)5,67,24,668	(*b*)6,46,96,683	(*b*)6,16,77,683

(*a*) Of this amount, £3,042 represents the funds of the Gold Standard Reserve.
(*b*) Of this amount, £3,748 represents the funds of the Gold Standard Reserve.

VI.—HOME CHARGES.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1929-30.	Revised Estimate, 1930-31.	Budget, 1931-32.
	£	£	£
Direct demands on the Revenues :—			
Stores for India	5,922	2,925	3,300
Leave Allowances and Miscellaneous	52,306	54,450	54,975
Railway Revenue Account :—			
Interest	8,962,265	9,183,975	9,258,975
Government share of Surplus profits	*345,121*	*25,800*	*6,450*
Leave Allowances and Miscellaneous	500,512	541,875	497,100
Irrigation Revenue Account :—			
Leave Allowances	4,042	6,900	5,850
Posts and Telegraphs :—			
Indian Postal and Telegraph Department :			
Leave Allowances and Miscellaneous	55,864	56,250	56,475
Indo-European Telegraph Department	*91,610*	*78,525*	—
Debt Services :—			
Interest on Ordinary Debt (less interest realised from investment of Cash Balance)	4,861,721	4,959,000	6,249,375
Interest, Discount, etc., on Gold Standard Reserve credited to Revenue	*2,300,000*	*1,599,975*	*1,441,200*
Liability assumed in respect to British 5 per cent. War Loan, 1929-47 : Interest	836,050	836,100	836,100
Management of Debt	201,454	609,300	425,325
Interest on Other Obligations	25,549	68,475	36,900
Civil Administration :—			
Home Administration :—			
India Office: Salaries and Contingencies	220,051	232,500	228,600
High Commissioner's Office : Salaries and Contingencies	175,532	210,525	230,625
Expenditure in connection with new offices	204,640	32,250	2,475
Audit Office : Salaries	16,969	16,875	16,950
Contribution by His Majesty's Treasury in respect of the Administrative Expenses of India Office.	*111,504*	*114,450*	*110,475*
Payments on account of Departments in India :—			
Stores for India	45,016	37,725	88,200
Leave Allowances and Miscellaneous	426,909	448,200	432,450
Currency and Mint :—			
Interest on Paper Currency Reserve Investments	*201,679*	*11,700*	—
Stores for India	72,214	8,025	7,875
Leave Allowances and Miscellaneous	5,030	4,650	5,550
Civil Works :—			
Leave Allowances and Miscellaneous	4,851	5,925	11,850
Miscellaneous :—			
Territorial and Political Pensions	9,133	9,225	8,025
Civil Superannuation Allowances and Pensions (including Home establishment Pensions)	1,434,566	1,423,575	1,355,475
Contribution to the Secretariat of the League of Nations	56,710	60,825	67,725
Other Miscellaneous Charges	*1,728*	*2,025*	2,550
Stationery and Printing :—			
Stores for India	53,097	29,550	45,975
Expenditure at the India Office and the High Commissioner's Office, Leave Allowances, etc.	9,597	15,000	16,575
Military Services (Army, Marine and Air Force) :—			
Home Charges of British Forces serving in India	1,506,250	1,510,050	1,510,050
Sea Transport Charges (less receipt of £130,000 from the War Office)	340,773	428,550	456,900
Unemployment Insurance	118,158	91,125	91,200
National Health Insurance	41,120	40,875	40,800
Aden Contribution	241,000	150,000	146,400

Net Expenditure.	Accounts, 1929-30.	Revised Estimate, 1930-31.	Budget, 1931-32.
	£	£	£
Military Services (Army, Marine and Air Force) *continued*—			
Contributions under Contributory Pensions Act, 1925 ..	123,360	122,475	122,400
Contribution to the expenses of His Majesty's Ships in Indian Seas	100,012	101,100	100,200
Furlough Pay and Miscellaneous	1,219,233	1,096,125	1,075,050
Stores	2,469,367	2,266,575	1,654,275
Marriage Allowances and Allotments	474,835	477,900	477,900
Retired Pay of British Forces for Service in India	1,233,231	1,181,325	1,152,750
Retired Pay: Indian Services	1,619,734	1,522,350	1,588,500
Family and Miscellaneous (including Military Funds) Pensions	743,702	708,375	697,650
Extraordinary Receipts and Payments:—			
Receipts on account of "Dawes" Annuities, "Young" Plan, etc.	*252,402*	*355,200*	*228,300*
Total	25,166,731	26,363,250	27,272,925
Expenditure by Secretary of State	19,756,312	21,306,450	22,798,725
„ „ High Commissioner	5,410,419	5,056,800	4,474,200
Total	25,166,731	26,363,250	27,272,925

Expenditure in England not charged on the Revenue of the year :—

Expenditure.	Accounts, 1929-30.	Revised Estimate, 1930-31.	Budget, 1931-32.
	£	£	£
Capital outlay on State Railways	12,712,741†	4,290,000	2,437,500
New Capital at Delhi	37,814	26,175	9,150
Posts and Telegraphs	51,852	*418,050*	58,800
Vizagapatam Port..	34,288	13,725	8,625
Currency	2,898	—	—
Lighthouses and Lightships	25,004	8,100	225
Expenditure by Secretary of State	8,612,197	1,688,550	1,719,750
„ „ High Commissioner	4,252,400	2,231,400	794,550
Total	12,864,597	3,919,950	2,514,300

† Including £5,256,631, the capital charge involved in the purchase of the Southern Punjab Railway.

VII.—GOLD STANDARD RESERVE.

In accordance with the recommendation made by Sir Henry Fowler's Committee, it was decided that, with effect from 1st April, 1900, the net profit from the coinage of rupees should not be treated as Revenue, but should be held as a special reserve, now called the Gold Standard Reserve.

The principal objects for which the Reserve is maintained are (1) to provide funds from which the Secretary of State for India can finance his requirements at times when remittance of funds from India through the usual market channels cannot conveniently be arranged, and (2) to furnish resources against which, in normal times, sterling drafts may, if necessity arises, be sold by the Government of India to remitters in India, with a view to prevent-

ing a depreciation of the exchange. The earlier history of the Reserve is described in the Explanatory Memorandum for 1922–23. [Command Paper 1766 of 1922.]

In 1921–22 and 1922–23 the assets of the Gold Standard Reserve in excess of £40,000,000, on the basis of current market prices, were appropriated in reduction of the outstanding fiduciary currency. From 1923–24, the corresponding assets have been appropriated to revenue, except for credits to the Equalisation Fund as explained below.

In order to guard the budgetary position in future against such wide fluctuation in the value of the securities in the Reserve as was experienced in the latter part of 1928–29, it was decided to institute a Gold Standard Reserve Revenue Equalisation Fund with effect from 1929–30. £1,600,000 was taken as the basic figure for the excess in any year of the assets of the Reserve over £40,000,000. If, in any year, the actual receipts exceeded this sum, one-half of the surplus was to be added to revenue and one-half to be transferred to the Equalisation Fund, the Fund to be available to be drawn upon to make the receipts up to the standard figure of £1,600,000 in any subsequent year in which they might fall below that level.

In 1929–30 £442,709 was transferred to the Fund and in 1930–31 £33,748 was transferred from the Fund. It was estimated that the remainder of the Fund will require to be used in 1931–32.

Statistics, etc., regarding the Gold Standard Reserve.

The total receipts from profit on coinage, interest and discount, and profit by exchange up to 31st March, 1931, were as follows:—

	£
Profits on Coinage—from 1900–01 ..	28,573,606
Interest and discount	30,303,353
Profit by exchange	194,917
	59,071,876

Of this sum, £1,123,655 has been used for capital expenditure on railways, £2,866,217 has been transferred to the Paper Currency Reserve in reduction of created Rupee securities, £13,414,796 transferred to Revenue, and £442,709 to the Revenue Equalisation Fund (of which £33,748 has since been transferred to Revenue), and the remainder has been credited to the Reserve. The

following table shows the disposal of the sums paid to the Reserve up to 31st March, 1931, and the composition of the Reserve on that date :—

Summary of transactions.

	£	£
Profits on Coinage paid to Gold Standard Reserve—		
Total Profits realized since 1st April, 1900	28,573,606	
Deduct amount used for Capital Expenditure on Railways ..	*1,123,655*	
		27,449,951
Interest and discount received up to 31st March, 1931	30,303,353	
Profit by exchange ..	194,917	
Profit through appreciation	812,391	
		31,310,661
Profits and Interest paid to Reserve from 1st April, 1900, to 31st March, 1931		58,760,612
Deduct—		
Loss on Sale, Redemption, and Conversion of Securities ..	*2,016,316*	
Transferred to Paper Currency Reserve in reduction of created securities	*2,866,217*	
Transferred to Revenue	*13,414,796*	
Transferred to Revenue Equalisation Fund..	*442,709*	
Miscellaneous Charges	*20,574*	
		18,760,612
Amount of Reserve on 31st March, 1931 ..		£40,000,000

State of Reserve, 31st March, 1931.

	£
Sterling Securities held in England (value at, or below, minimum market price) :	
War Loan	2,055,000
Treasury Bonds	17,951,853
Treasury Bills	11,592,528
	31,599,381
Gold held on deposit at Bank of England	2,152,334
Gold held in India	6,247,200
Cash held in England	1,085
	£40,000,000

The net profit on the Gold Standard Reserve Investments up to 31st March, 1931, is shown below :—

	£	£
Estimated value of securities on 31st March, 1931		31,599,381
Cost price of securities held on 31st March, 1931		30,786,990
Gain through Appreciation		812,391
Loss on sale and redemption of securities ..		2,016,316
Net Loss		1,203,925
Miscellaneous charges		20,574
Total of losses and charges		1,224,499
Interest and Discount received up to 31st March, 1931 ..	30,303,353	
Profit by exchange	194,917	
		30,498,270
Net profit on investments		29,273,771

VIII.—EXCHANGE AND REMITTANCE.

The sales in London by the Secretary of State of Bills and Transfers on India, the purchases of sterling in India by the Government of India and the purchases by the Secretary of State of proceeds of loans raised in London by Indian public bodies during the last ten years, have been as follows :—

Year.	Sale of Bills and Transfers on India by the Secretary of State.	Purchases of Sterling by the Govt. of India.	Purchases by the Secretary of State of proceeds of Loans raised in London by Indian public bodies.	Total.	Average Rate of Exchange per Rupee.
	£	£	£	£	s. d.
1921-22..	nil	—	—	nil	—
1922-23..	2,570,026	70,000	2,126,210	4,766,236	1 4·200
1923-24..	8,738,705	13,100,000	1,302,959	23,141,664	1 4·632
1924-25..	7,579,162	33,191,000	700,000	41,470,162	1 5·661
1925-26..	—	46,316,500	—	46,316,500	1 6·152
1926-27..	—	2,115,000	—	2,115,000	1 6·019
1927-28..	—	28,325,000	—	28,325,000	1 5·997
1928-29..	—	30,810,000	—	30,810,000	1 6·026
1929-30..	—	15,215,000	—	15,215,000	1 5·908
1930-31..	—	5,395,000	—	5,395,000	1 5·841

The sales by the Government of India of immediate and deferred telegraphic transfers on London during the last ten years have been as follows :—

1921–22 to 1925–26 .. *Nil.*

1926–27 .. £1,425,000 Immediate Transfers at the rate of 1s. $5\frac{3}{4}$d.

1927–28 to 1929–30 .. *Nil.*

1930–31 .. £5,733,626 Immediate Transfers at the rate of 1s. $5\frac{9}{16}$d.

IX.—SEA-BORNE TRADE.

The figures of Exports from, and Imports into, India during 1928–29, 1929–30 and 1930–31, are given in Appendix III on pages 39 to 44.

SAMUEL HOARE.

India Office,
11th November, 1931,

APPENDIX I.

NOTES ON CERTAIN HEADS OF NET REVENUE AND EXPENDITURE.

NET REVENUE.

Customs.

	Rs.
Accounts, 1929–30	51,27,66,229
Budget, 1930–31	54,63,81,000
Revised Estimate, 1930–31	46,01,93,000
Budget, 1931–32	56,45,97,000

The estimates include the net proceeds of Rs. 78 lakhs in 1930–31 and Rs. 932 lakhs in 1931–32 expected to accrue from the alterations in tariff shown in Appendix II pages 34–36.

They also include Rs. 10 lakhs in 1930–31 and Rs. 50 lakhs in 1931–32, being the anticipated proceeds of the increased import duties on galvanized iron and steel pipes and sheets, imposed with effect from 30th December, 1930.

If the yield from these tariff changes is excluded, the net revenue estimates compare as follows :—

	Rs.
Budget, 1930–31	54,63,81,000
Revised, 1930–31	45,13,93,000
Budget, 1931–32	46,63,97,000

The revised estimate for 1930–31 as thus corrected falls short of the original budget by Rs. 9½ crores. With the exception of sugar, mineral oils, silver bullion, and land customs, almost all the heads, and particularly cotton piece-goods, tobacco, iron and steel, jute and motor spirit excise have contributed to this result.

The Budget estimate for 1931–32 is nearly Rs. 10½ crores higher than the Revised estimate for 1930–31, due to the enhanced tariff.

Details of the receipts under the respective items are given in the table on pages 143 to 145 of the Indian Budget for 1931–32 (H.C. 138 of 1931).

Taxes on Income.

—	Accounts, 1929-30.	Budget, 1930-31.	Revised Estimate, 1930-31.	Budget, 1931-32.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Income Tax	14,09,60,666	14,52,85,000	13,26,38,000	15,30,25,000
Super Tax	4,81,56,909	5,20,44,000	4,48,07,000	3,95,17,000
Excess Profits Duty..	1,200	1,000	1,000	1,000
Miscellaneous Receipts	45,215	29,000	84,000	34,000
TOTAL TAXES ON INCOME	18,91,63,990	19,73,59,000	17,75,30,000	19,25,77,000
Deduct Refunds	*1,85,29,194*	*1,43,92,000*	*1,63,87,000*	*1,54,83,000*
TOTAL REVENUE	17,06,34,796	18,29,67,000	16,11,43,000	17,70,94,000
Deduct Share of Provincial Governments under Devolution Rules	*35,73,975*	*29,89,000*	*31,60,000*	*26,40,000*
Revenue of Central Government	16,70,60,821	17,99,78,000	15,79,83,000	17,44,54,000

The revised estimate of revenue for 1930–31, is Rs. 2·2 crores worse than the original budget. The fall is spread over practically all the Provinces and reflects the depression in trade.

The Budget estimate for 1931–32 includes Rs. 3·95 crores as a result of the enhancement in the rates of income-tax and super-tax shown in detail in Appendix II pp. 37–38.

Salt.

	Rs.
Accounts, 1929–30	6,76,46,354
Budget, 1930–31	7,04,83,000
Revised Estimate, 1930–31	6,85,00,000
Budget, 1931–32	7,05,00,000

The Salt (Additional Import Duty) Act, 1931, passed in April, 1931, imposed, for one year, an additional customs duty of four and a half annas per maund on imported foreign salt. This Act was passed as a measure of protection for the Indian Salt industry. It is not, however, anticipated that the revenue position will be affected thereby and no alteration in the estimates for 1931–32 has been made.

The fall in revenue in the Revised estimates for 1930–31 occurs chiefly under local manufacture in Northern India and is counterbalanced to some extent by a rise in the imports into Bengal.

Opium.

—	Accounts, 1929-30.	Budget, 1930-31.	Revised Estimate, 1930-31.	Budget, 1931-32.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Receipts—*Less* Refunds	3,04,09,788	2,71,80,000	2,62,60,000	2,15,58,000
Charges	*48,81,273*	*64,57,000*	*75,24,000*	*73,63,000*
Net revenue	2,55,28,515	2,07,23,000	187,36,000	1,41,95,000

The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries and from the sale to Provincial Governments of excise opium for internal consumption in India. Opium is exported under a system of direct sales to Foreign and Colonial governments, the system of auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from 7th April, 1926. In no case are exports permitted without an import certificate by the Government of the country of import as prescribed by the League of Nations.

Excise opium is sold to Provincial Governments for internal consumption in India at a fixed price based on the cost of production. This opium is retailed to licensed vendors at rates fixed by the Provincial Governments and varying from Province to Province.

It has been decided to reduce annually the total of the opium exported until exports are totally extinguished at the end of 1935. This mainly accounts for the fall of Rs. 45½ lakhs in the Budget estimate in 1931–32. The fall in the Revised Estimate for 1930–31 as compared with the Budget for that year, is due to a decrease during 1930–31 in the demand for medical and excise opium.

Railways.

	Accounts, 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
REVENUE.			
State Railways—	Rs.	Rs.	Rs.
(1) Commercial Lines :—			
Gross Receipts	1,01,11,46,955	93,60,00,000	99,50,00,000
Deduct —			
Working Expenses	*66,09,10,125*	*65,13,00,000*	*64,40,00,000*
Surplus Profits paid to Indian States and Railway Companies	*1,51,97,708*	*1,15,00,000*	*75,00,000*
Net Receipts	33,50,39,122	27,32,00,000	34,35,00,000
(2) Strategic Lines :—			
Gross Receipts	1,58,95,380	1,40,10,000	1,50,10,000
Deduct :—			
Working Expenses and Refunds of Revenue	*2,08,96,707*	*2,17,10,000*	*2,03,10,000*
Net Receipts	*—50,01,327*	*—77,00,000*	*—53,00,000*
Total Net Receipts—Commercial and Strategic Lines	33,00,37,795	26,55,00,000	33,82,00,000
Subsidized Companies : Government Share of Surplus Profits	58,70,738	21,00,000	18,00,000
Interest on Depreciation and Reserve Funds	1,27,66,011	1,38,72,000	1,24,35,000
Other receipts	21,46,398	18,00,000	16,00,000
Transferred from Reserve to Revenue to meet in full the contribution to General Revenues	2,08,21,706	10,85,99,000	4,13,67,000
Total Revenue	37,16,42,648	39,18,71,000	39,54,02,000
EXPENDITURE.			
Interest Charges :—			
(1) Commercial Lines	29,05,96,391	31,29,24,000	32,08,68,000
(2) Strategic Lines	1,40,09,273	1,46,75,000	1,48,52,000
Total Interest Charges	30,46,05,664	32,75,99,000	33,57,20,000
Other Expenditure	58,51,021	69,15,000	60,80,000
Total Expenditure	31,04,56,685	33,45,14,000	34,18,00,000
Total Payment from Railways to General Revenues	6,11,85,963	5,73,57,000	5,36,02,000
Comprising :—			
Contribution	6,11,85,963	5,73,57,000	5,36,02,000
One-third of Excess of Railway Surplus over three crores	—	—	—

In accordance with the resolution passed by the Legislative Assembly in September, 1924, railway finance was separated from the general finances of the Government of India with effect from 1924–25. After deducting all working expenses, including interest charges of commercial lines, the railways have now to make a contribution to general revenues equal to 1 per cent. on the capital at charge of the commercial lines in the penultimate year *plus* one-fifth of surplus profits in such penultimate year and one-third of the amount remaining available for transfer to Railway reserves in excess of Rs. 3 crores, but from the amount of these contributions are deducted the interest on capital and loss in working of strategic lines.

The net payments due from the Railways to general revenues of the Central Government in 1929–30, 1930–31 and 1931–32, calculated in the manner explained above, are as follows :—

	Accounts, 1929–30.	Revised Estimate, 1930–31.	Budget Estimate, 1931–32.
	Rs.	*Rs.*	*Rs.*
1 per cent. on Capital at charge, commercial lines	6,62,32,577	6,93,73,407	7,23,54,278
One-fifth of surplus profit	1,18,26,142	51,84,074	—
	7,80,58,719	7,45,57,481	7,23,54,278
Deduct Interest on capital and loss in working of strategic lines	*1,68,72,756*	*1,72,00,149*	*1,87,51,860*
Contribution	6,11,85,963	5,73,57,332	5,36,02,418
One-third of excess of railway surplus over 3 crores ..	—	—	—
Total payment to general revenues	6,11,85,963	5,73,57,332	5,36,02,418

The foregoing tables and the Net Revenue table on page 6 show that the net revenue of the Central Government from the Railways is as follows, viz. :—

1929–30, Accounts, Rs. 6,11,85,963; 1930–31, Revised Estimate, Rs. 5,73,57,000 ; and 1931–32, Budget, Rs. 5,36,02,000.

The gains from Commercial lines in the same years are : 1929–30, Accounts, Rs. 5,91 lakhs ; 1930–31, Revised Estimate, —Rs. 2,93 lakhs (loss) ; and 1931–32, Budget, Rs. 3,18 lakhs.

The general trade depression became more acute in 1930–31, and it was estimated that it would be necessary to draw on the reserves not only to pay the contribution to the General Revenues, but to meet the interest charges also, leaving a net loss of nearly Rs. 3 crores. Approximately Rs. 1 crore of this represents an increased charge for interest owing to a change in the method of accounting.

The Budget Estimate of the gain from Commercial Lines in 1931–32 is Rs. 611 lakhs higher than the Revised Estimate for 1930–31 as it is assumed that 1931–32 will see a modest improvement in traffic over the abnormally low figures of 1930–31, and that some further assistance will be obtained from changes in rates and fares that are being investigated.

The Railway Depreciation and Railway Reserve Funds are estimated to have closing balances on 31st March, 1932, of Rs. 21,47 lakhs and Rs. 1,35 lakhs, respectively.

Posts and Telegraphs.

—	Accounts, 1929-30.	Budget, 1930-31.	Revised Estimate, 1930-31.	Budget, 1931-32.
	Rs.	*Rs.*	*Rs.*	*Rs.*
INDIAN POSTAL AND TELEGRAPH DEPARTMENT:—				
Gross Receipts	11,29,49,663	11,50,85,000	10,73,83,000	10,96,05,000
Less Working Expenses	*11,26,16,175*	*11,27,01,000*	*11,34,36,000*	*11,45,26,000*
Interest on Debt	*65,77,989*	*72,29,000*	*75,83,000*	*86,98,000*
	11,91,94,164	*11,99,30,000*	*12,10,19,000*	*12,32,24,000*
Net Revenue	*−62,44,501*	*−43,45,000*	*−1,36,36,000*	*−1,36,19,000*
Deduct Capital Outlay charged to Revenue	*11,66,936*	*14,90,000*	*12,25,000*	*10,50,000*
Net *Expenditure*	*−74,11,437*	*−63,35,000*	*−1,48,61,000*	*−1,46,69,000*
INDO-EUROPEAN TELEGRAPH DEPARTMENT:—				
Gross Receipts	25,95,614	24,70,000	22,11,000	—
Less Working Expenses	*27,79,171*	*27,02,000*	*25,43,000*	—
Interest on Debt	*5,51,978*	*5,86,000*	*6,10,000*	—
	33,31,149	*32,88,000*	*31,53,000*	—
Net Revenue	*−7,35,535*	*−8,18,000*	*−9,42,000*	—
Deduct Capital Outlay charged to Revenue	*−28,581*	*−32,000*	*1,36,000*	*−54,99,000*
Net Receipts *or Expenditure* ..	*7,06,954*	*−7,86,000*	*10,78,000*	54,99,000

A commercial system of accounts was introduced into both of these Departments with effect from 1925–26. The figures of " Net Revenue " shown in the above statement indicate the gain or loss on the working on a commercial basis.

In the Posts and Telegraphs Department, the loss of Net Revenue in 1930–31 is now estimated at Rs. 136·4 lakhs as compared with a loss of Rs. 48·5 lakhs in the Budget Estimate for that year.

These figures are inclusive of estimated losses on the non-commercial activities of the Wireless Branch amounting to Rs. 7 to 8 lakhs per annum. The large deterioration in 1930–31 and 1931–32 is an index of prevailing economic conditions. Capital outlay has been considerably restricted.

The Indo-European Telegraph Department as such will cease to exist from the 1st March, 1931. The budget estimate for 1931–32 accordingly shows only certain residual transactions mainly connected with its dissolution and the transfer, from capital to revenue, of a receipt of about Rs. 54 lakhs representing the net realisations from the disposal.

Currency and Mint.	*Rs.*
Accounts, 1929–30	1,99,48,311
Budget, 1930–31	2,11,49,000
Revised Estimate, 1930–31	26,25,000
Budget, 1931–32	*–15,37,000*

The revenue estimates shown under Currency mainly depend upon transactions connected with the securities in the Paper Currency Reserve, and are subject to wide fluctuations. Under the Indian Paper Currency Act this interest was earmarked for reduction of created securities in the Paper Currency Reserve. This provision has, however, been temporarily suspended since 1921–22 by legislation and the interest credited to revenue.

The heavy fall in net revenue in the Revised Estimate, 1930–31, and the Budget, 1931–32, is largely due to the decreased volume of currency in circulation, which is a necessary result of the general fall in prices.

Extraordinary Receipts.

	Accounts, 1929–30.	Budget, 1930–31.	Revised Estimate, 1930–31.	Budget, 1931–32.
	Rs.	Rs.	Rs.	Rs.
Receipts	1,88,94,440	32,00,000	98,84,000	30,44,000
Payments	*6,062*	*50,000*	*15,62,000*	*25,000*
Net Receipts ..	1,88,88,378	31,50,000	83,22,000	30,19,000

The receipts in the Revised Estimate for 1930–31 include Rs. 50·9 lakhs previously held by the Government of India at credit of the Austrian Liquidation Account; and about Rs. 16½ lakhs, representing India's share of the German Reparation Loan.

The receipts in each year also include approximately Rs. 30 lakhs on account of Reparation Receipts.

NET EXPENDITURE.

Debt Services.

—	Accounts, 1929-30.	Budget, 1930-31.	Revised Estimate, 1930-31.	Budget, 1931-32.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Gross payments for Interest on Debt ..	40,33,44,785	40,75,29,000	41,38,96,000	43,49,48,000
Deduct amounts chargeable to—				
Railways	*29,09,26,164*	*30,04,06,000*	*31,38,45,000*	*32,21,28,000*
Irrigation	*12,31,726*	*12,38,000*	*12,68,000*	*12,87,000*
Posts and Telegraphs	*72,90,445*	*79,93,000*	*83,72,000*	*88,77,000*
Other Heads	*17,77,092*	*20,80,000*	*21,81,000*	*24,42,000*
Provincial Loans Fund	*6,19,72,177*	*6,52,29,000*	*6,51,00,000*	*6,95,00,000*
Total Deductions	*36,31,97,604*	*37,69,46,000*	*39,07,66,000*	*40,42,34,000*
Interest on Ordinary Debt..	4,01,47,181	3,05,83,000	2,31,30,000	3,07,14,000
Interest on other Obligations	6,83,47,246	8,75,51,000	8,76,40,000	8,91,89,000
Reduction or avoidance of Debt	5,73,73,000	6,00,24,000	6,14,56,000	6,78,37,000
Total	16,58,67,427	17,81,58,000	17,22,26,000	18,78,40,000
Interest Receipts on loans, &c., in India and England	*4,40,60,589*	*3,45,31,000*	*3,32,07,000*	*2,91,99,000*
Net Interest Payments (other than those chargeable to Commercial Departments and Provincial Loans Fund)	12,18,06,838	14,36,27,000	13,90,19,000	15,86,41,000

Interest receipts are concerned mainly with the excess of the Gold Standard Reserve over £40 millions. The replacement by gold in India of sterling securities and the lower yield from British Treasury Bills in the Reserve reduced the estimated receipts in 1931–32 which would be smaller still but for the retransfers to Revenue from the Gold Standard Reserve Revenue Equalisation Fund, which it is expected would be exhausted thereby.

Payments of Interest on Ordinary Debt are, as usual, affected by the nature and extent of the ways and means operations.

The following changes have been made, with effect from 1930–31, in the method of calculation of the average rate of interest charged to Commercial Departments in respect of the capital outlay incurred by them after the 31st March, 1917.

(i) The amount of interest taken into account will be the amount *due for* the year and *not* the amount *paid in* the year ;

(ii) a suitable addition will be made for charges for management of debt and advertisement charges connected with new issues ; and

(iii) the mean outstanding debt will be calculated with reference to the proportionate amounts of *cash received* and *not* with reference to the *nominal balances.*

(i) and (ii) are changes of comparatively little signicance, but (iii) is one of considerable importance. It is justified in view of the fact that the capital debited to Commercial Departments is

the equivalent of cash expenditure. The changes are designed to secure that the average rate corresponds to the actual cost to Government of raising their funded, permanent, interest-bearing debt which is outstanding at the time.

The net effect of the alterations has been to increase the recoveries of interest from the Railways by about Rs. 1 crore in each of the years 1930–31 and 1931–32 and the recoveries from other Commercial Departments by about Rs. 4 lakhs.

In consequence of these changes, it has been decided to allow, on the balances in the Reserve and Depreciation Funds, the same rate as that charged in respect of capital outlay, instead of 1 per cent. below the rate charged on advances to the Provincial Loans Fund. This increases, to some extent, the payments falling under Interest on Other Obligations.

Provincial Loans Fund.—A Provincial Loans Fund was established with effect from 1st April, 1925, to systematise the arrangements by which advances are made by the Central Government to the Provincial Governments. Advances to the Provincial Governments, which were previously made direct to them by the Central Government, are now made from the Provincial Loans Fund, which receives advances from the Central Government. As regards advances to Provincial Governments sanctioned prior to the constitution of the Fund, the latter simply takes the place of the Government *vis-á-vis* the Provinces. The Fund is charged with interest on the basis of the cost of new borrowing to the Government of India from time to time.

Interest on other obligations.—This includes interest on Post Office Savings Bank balances, bonus on Post Office Cash Certificates, and interest on Reserve and Depreciation Funds, Provident Funds, and on Fixed Deposits of Provincial Governments.

Provision is made for Rs. 2 crores in 1930–31 and Rs. 2·1 crores in 1931–32 for bonus on Post Office Cash Certificates. The interest on the Railway Reserve Fund is Rs. 57·68 lakhs in the Revised Estimate for 1930–31 and Rs. 16·35 lakhs in the Budget, 1931–32, the fall of Rs. 41·33 lakhs in the Budget, 1931–32, being due to the fact that the fund will have to be drawn upon in 1930–31 to the extent of nearly Rs. 10·86 crores.

Reduction or Avoidance of Debt.—With effect from 1925–26 a scheme was introduced, for five years, to stabilise the annual provision from revenue for the reduction or avoidance of debt at Rs. 4 crores *plus* a sum representing one-eightieth of the net amount of new debt contracted (up to the end of the previous year) since 31st March, 1923, the sterling portion of this additional debt being converted into rupees at Rs. 15 per £1 for this purpose. It has been decided that, pending further consideration of the scheme along with the Railway Convention, the provision from the year 1930–31 onwards should be made on the same lines,

except that sterling debt should be converted into rupees at the statutory rate of Rs. 13⅓ per £ instead of at Rs. 15 per £1. In the Budget for 1931–32 the amount so provided was Rs. 678·37 lakhs. Prior to 1930–31 the amounts under this head were increased by the Reparation receipts as provided in section 7 of the Indian Finance Act, 1926. These provisions have, however, been repealed so that no addition has been made on this account with effect from 1930–31.

Military Services.

	Accounts, 1929-30.	Budget, 1930-31.	Revised Estimate, 1930-31.	Budget, 1931-32.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Army	50,16,34,420	49,48,27,000	48,63,01,000	47,60,38,000
Marine	67,79,133	68,96,000	69,93,000	69,40,000
Military Engineer Services	4,12,45,225	4,43,84,000	4,50,57,000	3,98 98,000
Transfers to or from Military Reserve Fund	13,41,222	*—26,07,000*	46,49,000	*28,76,000*
Total	55,10,00,000	54,35,00,000	54,30,00,000	52,00,00,000

Owing to the present financial situation, it has been decided to make a reduction of Rs. 2·30 crores in the Military Budget. This decision includes the extension of the period of stabilisation of the Military Budget for another year to 1933–34, on a reduced annual figure of Rs. 53·63 crores. The Budget for 1931–32 stands at Rs. 51·90 crores *plus* an allotment of Rs. 10 lakhs for the expansion of the Territorial Forces. Any savings accruing within the total amount granted for military expenditure, exclusive of savings in the allotment for expansion of the Territorial Forces, will be carried to a suspense account " Military Reserve Fund " which may be drawn upon for expenditure in later years. This arrangement has been adopted to enable the military authorities firstly to carry out a programme of mechanisation and modernisation of equipment necessitated by recent developments in military organisation, and secondly to repair certain deficiencies in equipment. It was found possible in 1930–31 to allot a sum of about Rs. 2 crores for expenditure on the military programme referred to above and it was anticipated that, after meeting the normal charges for the maintenance of the military services in 1931–32 about Rs. 1 crore will be available for the same purposes.

Marine.—The variations under Marine in the Budget for 1931–32 as compared with the revised estimate for 1930–31 are inconsiderable.

Military Engineer Services.—The reduction in the Budget for 1931–32 as compared with the Revised estimates for 1930–31 is due to the works programme being curtailed owing to less money being available. The increased receipts are due to larger credits anticipated from the land sales suspense account.

Transfers to or from Military Reserve Fund.—This head was opened as a result of the stabilisation of military budget estimates mentioned above, any savings in one year may be transferred to a suspense head for utilisation in a future year. The saving credited to the suspense account in 1929–30 was Rs. 13·41 lakhs. It was anticipated that Rs. 46·49 lakhs will be credited to the account in 1930–31.

In the revenue estimates for 1931–32 a credit of Rs. 28·76 lakhs was included as a transfer from the suspense account.

Civil Administration.

	Rs.
Accounts, 1929-30	11,49,31,812
Budget, 1930–31	12,20,15,000
Revised Estimate, 1930–31	12,57,36,000
Budget, 1931–32	12,02,91,000

The Revised estimate for 1930–31 is Rs. 37 lakhs greater than the Budget for that year, chiefly accounted for by an increase of Rs. 34 lakhs in Political expenditure.

The Budget estimate for 1931–32 is Rs. 54½ lakhs less than the Revised estimate for 1930–31, small increases in the expenditure under Education, Civil Aviation, and Miscellaneous Departments, being more than balanced by savings under Jails, Political, Frontier Watch and Ward, and Agriculture.

Civil Works.

	Rs.
Accounts, 1929–30	2,35,61,614
Budget, 1930–31	2,54,89,000
Revised Estimate, 1930–31	2,40,19,000
Budget, 1931–32	2,16,43,000

Excluding Rs. 98 lakhs and Rs. 101 lakhs estimated for transfer to the Road Development Fund in 1930–31 and 1931–32, respectively, the ordinary net expenditure under Civil Works becomes Rs. 1,42 lakhs in 1930–31 (Revised) and Rs. 1,15 lakhs in 1931–32 (Budget) representing a cut of nearly 20 per cent. in expenditure.

APPENDIX II.

DETAILS OF CHANGES IN TAXATION INCLUDED IN THE BUDGET, 1931–32, AND ESTIMATED YIELD.

(1) *Customs and Excise Duties.*

(i) Changes in substantive rates of duty.

Description of Articles liable to change in Substantive Rates of Duty.	Rate of Duty before the Introduction of the Budget, 1931–32.	New Rate of Duty.	Estimated Additional Yield in 1931–32 in Lakhs of Rupees.
Customs Duties.			
ALE, Beer, Porter, Cider and other Fermented Liquors	8 annas per gallon	12 annas per gallon if in barrels or other containers containing 27 oz. or more. 2 annas per bottle containing less than 27 oz. but not less than 20 oz. 1 anna per bottle containing less than 13½ oz. but not less than 10 oz. ½ anna per bottle containing less than 6¾ oz. but not less than 5 oz. Re. 1 per gallon, if in other containers.	7
SPIRITS (other than Denatured Spirit) :—			
(1) Brandy, Gin, Rum, Whisky and other sorts of spirits not otherwise specified, including wines containing more than 42 per cent. of proof Spirit.	Rs. 21–14*	Rs. 30* ..	
(2) Liqueurs, Cordials, mixtures, and other preparations containing spirit (other than drugs and medicines) :—	..		
(i) entered in such a manner as to indicate that the strength is not to be tested;	Rs. 30 .. Per gallon or 15 per cent. *ad valorem*, whichever is higher.	Rs. 40 .. Per gallon or 15 per cent. *plus* 5 per cent. *ad valorem*, whichever is higher.	51
(ii) not so entered ..	Rs. 21–14*	Rs. 30* ..	
(3) Drugs and Medicines containing spirit :—			
(i) entered in such a manner as to indicate that the strength is not to be tested,	Rs. 30 ..	Rs. 30 ..	
(ii) not so entered ..	Rs. 21–14*	Rs. 21–14*	
(4) Perfumed spirits ..	Rs. 36 ..	Rs. 48 ..	
WINES, not containing more than 42 per cent. of proof spirit :—			
(1) Champagne and other sparking wines.	Rs. 9 per gallon	Rs. 10–8 per gallon	3
(2) Other sorts ..	Rs. 4–8 per gallon	Rs. 6 per gallon	

* In these cases the duty is per gallon of the strength of London proof.

(i) Changes in substantive rates of duty—*continued.*

Description of Articles liable to change in Substantive Rates of Duty.	Rate of Duty before the introduction of the Budget, 1931–32.	New Rate of Duty.	Estimated Additional Yield in 1931–32 in Lakhs of Rupees.
SUGAR, excluding confectionery :—			
(1) Sugar, crystallised or soft 23 Dutch Standard and above.	Rs. 6 per cwt.	Rs. 7–4 per cwt.	1, 16
(2) Sugar, crystallised or soft inferior to 23 Dutch Standard but not inferior to 8 Dutch Standard.	Rs. 5–8 per cwt.	Rs. 6–12 per cwt.	
(3) Sugar, below 8 Dutch Standard and sugar candy.	25 per cent. *ad valorem plus* Re. 1–8 per cwt.	25 per cent. *ad valorem plus* Rs. 2–12 per cwt.	
SILVER Bullion etc., as specified in Item 43 BB of Schedule II to the Indian Tariff Act, 1894.	4 annas per oz.	6 annas per oz.	75
SPICES	15 per cent. *ad valorem* ..	30 per cent. *ad valorem* ..	8
CINEMATOGRAPH FILMS, exposed.	Do. do. ..	Do. do. ..	3
BETELNUTS	Do. do. ..	Do. do. ..	23
Excise Duty.			
SILVER Bullion, etc., as above.	4 annas per oz.	6 annas per oz.	7
		TOTAL (i)	2, 93

(ii) Imposition of additional duties.

Description of articles liable to additional duty (References are to Items in Schedule II. to the Indian Tariff Act, 1894).	Rate of Duty before the introduction of the Budget 1931–32.	Rate of *additional duty* or method of obtaining it.	Estimated additional yield in 1931–32 in lakhs of Rupees.
Customs Duties.			
FISH, SALTED, wet or dry	Rate not exceeding Re. 1 per maund as fixed by the Governor-General in Council.	5 per cent. *ad valorem* ..	1
CIGARS	75 per cent. *ad valorem* ..	15 per cent. *ad valorem* ..	15
CIGARETTES	Rs. 7 and Rs. 10–8 per thousand.	Re. 1–8 per thousand ..	
All other sorts of TOBACCO manufactured.	Rs 2–4 per pound	12 annas per pound	
KEROSENE, also any other mineral oil included in Item No. 40.	2 annas 3 pies per gallon ..	9 pies per gallon	43
MOTOR SPIRIT	6 annas per gallon	2 annas per gallon	7

(ii) Imposition of additional duties—*continued.*

Description of articles liable to additional duty (References are to Items in Schedule II to the Indian Tariff Act, 1894).	Rate of duty before the introduction of the Budget, 1931-32.	Rate of *additional duty* or method of obtaining it.	Estimated additional yield in 1931-32 in lakhs of Rupees.
MINERAL OIL—			
(1) ordinarily used for the batching of jute or other fibre, as specified in sub-item (1) of Item No. 41;	Rs. 10 per ton	Rs. 2-8 per ton	8
(2) not ordinarily used for any other purpose than for lubrication, as specified in sub-item (2) of Item No. 41;	1 anna 4 pies per gallon ..	4 pies per gallon	
(3) not ordinarily used except as fuel or for some sanitary or hygienic purposes, as specified in sub-item (3) of Item No. 41.	7½ per cent. *ad valorem* ..	2½ per cent. *ad valorem* ..	
All ARMS, and other articles included in Item No. 42.	Varying rates subject to minimum of 30 per cent. *ad valorem*	10 per cent. *ad valorem* ..	1
MOTOR CARS, Motor Cycles and other articles included in Item No. 42A.	20 per cent. *ad valorem* ..	10 per cent. *ad valorem* ..	30
ARTIFICIAL SILK YARN and THREAD.	7½ per cent. *ad valorem* ..	2½ per cent. *ad valorem* ..	1
SILK MIXTURES, all sorts included in Item No. 45A.	20 per cent. *ad valorem* ..	7½ per cent. *ad valorem* ..	1
PORTLAND CEMENT (excluding white portland cement).	Rs. 9 per ton	Rs. 2 per ton	2
All articles for the time being included in Part IV of the Second Schedule.	10 per cent. *ad valorem* ..	2½ per cent. *ad valorem* ..	12
All articles for the time being included in Part V of the Second Schedule, excluding "raw hemp" comprised in Item No. 78.	15 per cent. *ad valorem* ..	5 per cent. *ad valorem* ..	2, 63
All articles for the time being included in Part VI of the Second Schedule, except—	30 per cent. *ad valorem* ..	10 per cent. *ad valorem* ..	30
(1) the following SPICES, namely:— Cardemoms, cassia, cinnamon, cloves, nutmegs and pepper;			
(2) CINEMATOGRAPH FILMS, exposed; and			
(3) BETELNUTS.			
COTTON PIECE-GOODS, all sorts included in Item No. 156A.	15 per cent. and 20 per cent. *ad valorem*, with minimum of 3½ annas per pound in certain cases.	The figures for the rates of the *ad valorem* duties shall be deemed to be increased by 5 in each case.	90
Excise Duties.			
KEROSENE	1 anna 6 pies per gallon ..	9 pies per gallon	52
MOTOR SPIRIT	6 annas per gallon	2 annas per gallon	83
		TOTAL (ii)	6, 39
		GRAND TOTAL	9, 32

(2) *Taxes on Income.*

Income in Rs.	Rate of Tax in Pies per Rupee.		Estimated Additional Yield in 1931–32 in Lakhs of Rupees.
	Rate before the Introduction of the Budget, 1931–32.	New Rate.	
INCOME-TAX.			
In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company :—			
1— 1,999	—	—	
2,000— 4,999	5	6	
5,000— 9,999	6	9	
10,000—14,999	9	12	
15,000—19,999	10	16	Gross .. 3,87 Refunds .. 38 Net .. 3,49
20,000—29,999	13	19	
30,000—39,999	16	23	
40,000—99,999	19	25	
1,00,000 or upwards	19	26	
In the case of every company and registered firm, whatever its total income.	19	26	

Income in Rs.	Rate of Tax in Pies per Rupee.		Estimated Additional Yield in 1931–32 in Lakhs of Rupees.
	Rate before the Introduction of the Budget, 1931–32.	New Rate.	
SUPER-TAX.			
Excess over 30,000 *only.*			
In the case of every company :—			
First 20,000	—	—	
Remainder	12	12	
In the case of every Hindu undivided family :—			
First 45,000	—	—	
Next 25,000	13	15	
In the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company :—			
First 20,000	—	9	
Next 50,000	13	15	
In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company :—			46
Next 50,000	19	21	
Next 50,000	25	27	
Next 50,000	31	33	
Next 50,000	37	39	
Next 50,000	43	45	
Next 50,000	49	51	
Next 50,000	55	57	
Next 50,000	61	63	
Next 50,000	67	69	
Remainder	73	75	
		TOTAL ..	3,95

APPENDIX III.

SEA-BORNE TRADE.

(*i*). *Summary of Sea-borne Trade.*

—	1928-29.	1929-30.	1930-31.
On Private Account.			
	Rs.	*Rs.*	*Rs.*
Exports of Merchandise	337,96,11,677	317,93,23,862	225,59,92,991
Imports of Merchandise	*253,30,59,741*	*240,79,69,341*	*164,82,54,520*
Net Exports of Merchandise	84,65,51,936	77,13,54,521	60,77,38,471
Net Imports of Gold	*21,19,98,689*	*14,22,11,947*	*12,75,32,115*
Net Imports of Silver	*13,04,25,016*	*11,89,02,507*	*11,64,58,569*
Net Imports of Currency Notes	*12,06,257*	*8,74,321*	*3,02,427*
Net Imports of Treasure	*34,36,29,962*	*26,19,88,775*	*24,42,93,111*
Net Exports of Merchandise and Treasure on Private Account.	50,29,21,974	50,93,65,746	36,34,45,360
Government Transactions.			
Imports of Merchandise	*10,09,19,619*	*8,91,05,149*	*8,26,89,069*
Exports of Merchandise	1,18,94,979	1,05,73,227	86,55,211
Net Imports of Merchandise	*8,90,24,640*	*7,85,31,922*	*7,40,33,858*
Net Exports of Gold	—	3,551	—
Net Exports of Silver	3,27,18,090	3,26,90,309	1,56,65,513
Net Exports *or Imports* of Currency Notes	15,00,680	24,08,335	*12,177*
Net Exports of Treasure	3,42,18,770	3,51,02,195	1,56,53,336

(*ii*). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately.*

—	1928-29.	1929-30.	1930-31.
A. *On Private Account.*			
I. Food, Drink and Tobacco :—	*Rs.*	*Rs.*	*Rs.*
A. Fish (excluding canned fish)	25,76,167	26,31,274	23,86,131
B. Fruits and Vegetables	1,68,39,388	1,82,86,858	1,48,58,785
C. Grain, Pulse and Flour	10,72,80,817	5,42,05,036	2,81,62,637
D. Liquors	2,94,81,854	3,10,66,103	2,78,05,825
E. Provisions and Oilman's Stores	6,21,24,467	5,63,61,190	4,87,78,536
F. Spices	2,94,02,555	3,25,75,158	2,54,94,482
G. Sugar	16,08,94,983	15,77,65,467	10,96,36,554
H. Tea	74,22,285	63,89,618	45,67,645
I. Other Food and Drink	1,73,66,669	1,63,48,110	1,41,15,874
J. Tobacco	2,74,59,528	2,69,70,990	1,51,15,809
Total, Class I.	46,08,48,713	40,25,99,804	29,09,22,278
II. Raw Materials and Produce and articles mainly un manufactured :—			
A. Coal	32,96,166	41,44,869	28,28,595
B. Other Non-metallic mining and quarry products and the like	1,55,91,314	1,61,21,478	1,03,02,042
C. Fodder, Bran and Pollards	1,48,822	2,16,056	2,04,709
D. Gums, Resins and Lac	55,26,481	92,99,878	39,14,013
E. Hides and Skins, raw or undressed	23,77,477	30,94,091	13,87,821
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	1,73,663	3,68,047	3,04,014
G. Oils—Vegetable, Mineral and Animal	11,53,22,648	11,68,64,992	10,93,44,984
H. Oilcakes of all kinds	15,918	11,775	4,090
I. Paper making materials	41,50,943	44,94,910	42,06,706
J. Rubber, raw or crude	26,884	2,53,758	1,40,526
K. Seeds, including nuts for oils	22,18,284	18,31,577	7,44,365
L. Tallow, Stearine and Wax	26,24,526	32,33,040	28,87,627
M. Cotton, raw and waste	3,90,79,137	3,42,15,277	6,38,96,717
N. Jute, raw	4,672	5,324	752
O. Silk, raw and waste	1,23,59,154	1,23,12,613	88,45,300
P. Wool, raw	49,52,846	51,70,596	18,53,852
Q. Other Textile Materials	8,13,463	8,75,291	4,58,191
R. Wood and Timber	59,75,132	78,03,715	70,75,545
S. Miscellaneous	1,05,40,819	1,27,15,295	93,31,818
Total, Class II.	22,51,98,349	23,30,32,582	22,77,31,667

(ii). *Sea-borne Trade—Analysis of* Imports *of Merchandise, showing the principal articles separately*—continued.

——	1928-29.	1929-30.	1930-31.
A. *On Private Account (continued).*			
III. Articles wholly or mainly manufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Apparel	2,51,11,251	2,59,05,002	1,99,28,446
B. Arms, Ammunition and Military Stores	76,64,257	65,44,064	54,01,872
C. Chemicals, Drugs and Medicines	4,91,50,108	5,49,99,167	4,89,23,599
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	7,76,92,594	7,59,30,374	5,75,10,696
E. Dyes and Colours	4,36,53,785	3,99,50,474	3,82,78,958
F. Electrical Goods and Apparatus (other than Machinery)	3,12,95,414	3,60,95,363	3,10,60,535
G. Furniture, Cabinetware and Manufactures of Wood and Timber	60,68,253	63,17,002	46,78,882
H. Glassware and Earthenware	3,11,22,975	3,24,88,098	2,13,64,145
I. Hides and Skins, tanned or dressed, and Leather	63,98,526	68,35,681	48,27,903
J. Machinery of all kinds, including Belting for Machinery	19,43,24,230	19,34,92,068	15,12,89,176
K. Metals, Iron and Steel, and Manufactures thereof	20,23,49,658	17,20,03,666	10,87,68,628
L. Metals, other than Iron and Steel, and Manufactures thereof.	6,73,60,880	6,38,19,146	5,01,63,496
M. Paper, Pastebcard and Stationery	4,31,54,538	4,77,37,518	3,67,98,832
N. Rubber Manufactures	2,85,86,295	3,30,13,517	2,56,83,337
O. Vehicles (excluding Locomotives, etc., for Railways)	11,00,59,866	10,84,72,900	7,30,52,883
P. Cotton Yarns and Manufactures	63,24,36,749	59,48,73,128	25,25,42,996
Q. Jute „ „	26,53,079	24,14,783	18,36,157
R. Silk „ „	3,77,07,473	3,35,30,376	2,10,52,326
S. Woollen „ „	4,52,33,720	3,76,74,800	2,12,57,187
T. Other Yarns and Textile Fabrics	6,50,63,047	5,71,50,501	4,00,95,476
U. Miscellaneous	9,59,51,982	9,90,46,166	7,75,58,639
Total, Class III	180,30,38,680	172,82,93,794	109,20,74,169
IV. Living Animals.—			
A. Horses	33,37,440	30,08,597	18,46,674
B. Other Living Animals	2,33,259	2,33,377	2,38,874
Total, Class IV.	35,70,699	32,41,974	20,85,548
V. Postal Articles not specified	4,04,03,300	4,08,01,187	3,54,40,858
Total value of Imports of Merchandise on Private Account	253,30,59,741	240,79,69,241	164,82,54,520
B. *Government Stores*	10,09,19,619	8,91,05,149	8,26,89,069
Grand Total, Imports of Merchandise	263,39,79,360	249,70,74,490	173,09,43,589

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately.*

——	1928-29.	1929-30.	1930-31.
INDIAN MERCHANDISE.			
A. *On Private Account.*	*Rs.*	*Rs.*	*Rs.*
Food, Drink and Tobacco :—			
A. Fish (excluding Canned Fish)	78,24,082	73,81,076	68,33,283
B. Fruits and Vegetables	96,15,231	90,61,581	79,74,836
C. Grain, Pulse and Flour	33,69,42,417	34,79,16,340	29,88,18,701
D. Liquors	1,077	1,456	887
E. Provisions and Oilman's Stores	64,48,137	60,40,378	49,94,797
F. Spices	1,58,80,440	1,96,38,940	1,27,18,538
G. Sugar	5,48,062	3,68,486	2,51,453
H. Tea	26,60,44,198	26,00,63,568	23,55,92,538
I. Other Food and Drink	1,71,15,779	1,45,42,487	1,91,89,135
J. Tobacco	1,29,47,034	1,06,42,057	1,03,65,043
Total, Class I.	67,33,66,457	67,56,56,369	59,67,39,211

(*iii*). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

——	1928-29.	1929-30.	1930-31.
INDIAN MERCHANDISE—*cont.*			
A. *On Private Account.*			
II. Raw materials and produce and articles mainly unmanufactured :—	*Rs.*	*Rs.*	*Rs.*
A. Coal	71,32,028	71,61,253	49,05,070
B. Other Non-Metallic mining and quarry products and the like	92,44,398	1,06,05,534	68,54,015
C. Fodder, Bran and Pollards	1,44,93,212	1,18,63,142	76,76,268
D. Gums, Resins and Lac	8,86,07,637	7,21,64,908	3,31,98,541
E. Hides and Skins, raw or undressed	9,55,97,664	7,98,26,869	5,46,54,211
F. Metallic Ores and Scrap Iron or Steel for re-manufacture	2,99,80,545	3,57,30,356	2,54,98,629
G. Oils—Vegetable, Mineral and Animal	86,63,371	72,33,373	47,23,750
H. Oilcakes of all kinds	3,84,17,955	3,11,91,569	2,08,05,175
I. Paper-making Materials	1,47,968	1,18,273	53,115
J. Rubber, raw or crude	1,99,85,435	1,78,87,892	1,29,75,198
K. Seeds, including nuts for oils	29,62,51,658	26,46,75,604	17,86,17,534
L. Tallow, Stearine and Wax	7,97,063	7,94,949	7,38,344
M. Cotton, raw and waste	66,69,09,888	65,60,34,543	46,72,64,516
N. Jute „ „	32,34,91,538	27,17,37,585	12,88,46,694
O. Silk „ „	27,80,902	30,00,024	8,94,076
P. Wool „ „	4,88,53,653	4,42,21,543	2,51,43,609
Q. Other Textile Materials	87,56,449	68,34,523	39,30,344
R. Wood and Timber	1,74,89,236	1,77,68,080	1,39,02,364
S. Miscellaneous	2,50,91,065	2,55,15,806	2,14,49,716
Total, Class II.	1,70,27,01,665	1,56,43,65,826	101,21,31,169
III. Articles wholly or mainly manufactured :—			
A. Apparel	25,46,642	29,55,628	19,66,225
B. Arms, Ammunition and Military Stores	865	899	1,656
C. Chemicals, Drugs and Medicines	2,15,66,815	2,05,18,348	1,54,02,452
D. Cutlery, Hardware, Implements and Instruments (excluding Electrical Instruments and Apparatus)	16,89,277	21,04,010	13,70,004
E. Dyes and Colours	1,28,30,004	1,17,22,023	1,11,88,445
F. Electrical Goods and Apparatus (other than Machinery)	—	—	—
G. Furniture, Cabinetware, and manufactures of wood and timber	4,86,181	6,18,501	5,00,556
H. Glass and Earthenware	2,51,611	2,36,933	1,97,088
I. Hides and Skins, tanned or dressed, and Leather	9,44,31,718	8,16,24,078	6,39,11,208
J. Machinery of all kinds, including belting for machinery	66,101	51,921	42,357
K. Metals, Iron and Steel, and manufactures thereof	2,12,96,339	2,61,69,588	1,73,87,635
L. Metals, other than Iron and Steel, and manufactures thereof	3,78,16,525	4,14,95,610	3,65,17,730
M. Paper, Pasteboard and Stationery	1,29,314	1,43,262	1,26,798
N. Rubber manufactures	13,339	29,876	32,769
O. Vehicles (excluding locomotives etc., for Railways)	20,449	43,287	25,751
P. Cotton, yarns and manufactures	7,79,55,783	7,18,67,090	5,21,54,426
Q. Jute „ „ „	56,90,49,215	51,92,67,860	31,85,79,849
R. Silk „ „ „	4,36,001	2,31,465	1,12,201
S. Woollen „ „ „	1,02,17,811	91,32,731	71,81,018
T. Other yarns and textile fabrics	11,95,775	14,77,546	11,21,337
U. Miscellaneous articles, wholly or mainly manufactured	4,38,90,557	5,12,20,809	4,48,28,410
Total, Class III.	89,58,90,322	84,09,11,465	57,26,47,915
IV. Living Animals:—			
A. Horses	1,10,700	33,600	14,500
B. Cattle	5,35,104	1,74,404	2,50,540
C. Sheep and Goats	29,38,809	30,72,469	20,58,912
D. Other living animals	4,10,406	3,99,016	2,76,122
Total, Class IV.	39,95,019	36,80,489	26,00,074

(iii). *Sea-borne Trade—Analysis of* Exports *of Merchandise, showing the principal articles separately*—continued.

—	1928-29.	1929-30.	1930-31.
INDIAN MERCHANDISE (*contd.*).			
A. Private Account.			
	Rs.	*Rs.*	*Rs.*
Class V. Postal Articles	2,53,25,323	2,34,41,051	2,04,34,307
Total Value of Exports of Indian Merchandise on private account	3,30,12,78,786	3,10,80,55,200	2,20,45,52,676
B. *Government Stores*, Exports of Indian Merchandise	1,03,33,424	94,77,318	76,63,025
Total Exports of Indian Merchandise	3,31,19,12,210	3,11,75,32,518	2,21,22.15,701
C. *Re-exports*—On Private Account ..	7,83,32,891	7,12,68,662	5,14,40,315
Government Stores ..	12,61,555	10,95,909	9,92,186
Total re-exports	7,95,94,446	7,23,64,571	5,24,32,501
Grand Total, Exports of Merchandise	3,39,15,06,656	3,18,98,97,089	2,26,46,48,202

(iv). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin.*

Note.—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1928-29.	1929-30.	1930-31.
	Rs.	*Rs.*	*Rs.*
British Empire :—			
United Kingdom	113,24,42,969	103,10,30,146	61,25,07,686
Aden and Dependencies	62,47,421	56,98,820	31,51,900
Ceylon	2,10,40,666	1,80,18,013	1,33,33,003
Straits Settlements (including Labuan)	5,10,86,712	6,16,53,849	4,08,03,316
Hong Kong	78,33,092	73,60,228	86,67,158
Union of South Africa	52,89,055	60,89,733	43,28,016
Mauritius and Dependencies (including Seychelles)	3,68,156	37,642	1,82,434
Zanzibar and Pemba	33,11,736	45,65,061	34,69,740
Kenya Colony	2,38,50,228	2,98,15,857	3,00,98,132
Canada	2,45,72,128	1,90,59,605	1,32,81,207
Australia	8,45,55,088	5,53,76,413	2,41,72,451
New Zealand	1,04,705	3,48,925	3,41,820
Other British Possessions	51,17,212	55,60,146	57,29,759
Total—British Empire	1,36,58,19,168	124,46,14,438	76,00,66,622

(*iv*). *Sea-borne Trade—Analysis of* Imports *of Merchandise on Private Account, showing separately the principal countries of origin*—continued.

NOTE—The figures in this Table are based on a system of registration according to the country of consignment.

Countries.	1928-29.	1929-30.	1930-31.
Foreign Countries :—	*Rs.*	*Rs.*	*Rs.*
Russia	84,87,218	45,67,962	1,03,81,371
Sweden	1,10,84,766	1,39,93,271	96,67,378
Norway	78,98,062	1,02,91,648	85,58,338
Germany	15,84,36,461	15,79,20,847	12,41,46,381
Netherlands	4,76,78,761	4,22,83,916	3,21,46,087
Belgium	7,19,96,747	6,78,67,518	4,67,29,432
France	4,77,56,040	4,57,23,403	2,89,55,540
Spain	26,78,313	29,78,101	29,84,025
Switzerland	2,57,12,189	2,12,10,693	1,26,91,832
Italy	7,35,81,631	6,73,36,961	4,51,22,076
Austria	1,40,11,930	1,22,93,647	81,37,247
Hungary	6,54,456	66,85,494	22,05,177
Czechoslovakia	1,29,49,424	1,66,13,734	96,38,165
Arabia	35,33,857	35,83,791	29,65,139
Iraq	71,51,634	1,02,33,855	1,02,14,483
Persia	3,82,46,989	3,71,52,898	2,71,52,814
Java	16,41,57,289	13,66,83,429	10,34,07,470
Borneo (Dutch)	1,17,79,629	99,67,106	51,31,891
Siam	31,61,794	18,53,680	17,91,675
China (exclusive of Hong Kong and Macão)	4,31,77,502	4,09,53,074	3,31,16,002
Japan	17,67,67,462	23,58,55,259	14,52,92,661
Egypt	48,78,653	44,13,987	2,53,69,767
Portuguese East Africa	8,99,759	9,38,115	11,05,494
Italian East Africa	12,75,276	14,23,692	22,85,452
United States of America	17,92,08,948	17,66,15,164	15,15,29,633
Other Foreign Countries	5,00,75,783	3,39,13,658	3,74,62,368
Total Foreign Countries	116,72,40,573	116,33,54,903	88,81,87,898
Grand Total	253,30,59,741	240,79,69,341	1,64,82,54,520

(*v*). *Sea-borne Trade—Analysis of* Exports *of Indian Merchandise on Private Account, showing separately the principal countries of destination.*

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1928-29.	1929-30.	1930-31.
British Empire:—	*Rs.*	*Rs.*	*Rs.*
United Kingdom	69,04,39,078	66,55,64,756	51,84,89,044
Aden and Dependencies	1,93,82,286	1,36,39,657	1,25,61,492
Ceylon	13,76,69,135	12,78,58,403	11,09,78,661
Straits Settlements (including Labuan)	7,81,14,572	7,90,54,656	6,31,01,812
Hong Kong	2,40,73,114	2,94,12,569	1,61,28,998
Union of South Africa	2,41,59,995	2,25,24,264	1,96,42,810
Mauritius and Dependencies (including Seychelles)	1,63,19,591	1,66,56,196	1,14,98,125
Zanzibar and Pemba	47,99,905	56,31,977	39,33,093
Kenya Colony	1,06,31,599	94,87,161	64,66,146
Canada	2,44,04,219	2,40,06,429	1,71,53,519
British West India Islands	44,34,292	51,98,322	30,99,603
Australia	7,37,63,036	5,78,00,949	4,47,79,801
New Zealand	87,26,847	77,63,998	62,48,245
Other British Possessions	3,34,95,876	3,73,60,223	2,76,74,742
Total—British Empire	115,04,13,545	110,19,59,560	86,17,56,091

(v). *Sea-borne Trade—Analysis of* Exports *of Indian Merchandise on Private Account, showing separately the principal countries of destination*—continued.

Note.—The figures in this Table are based on a system of registration according to the country of final destination.

Countries.	1928-29.	1929-30.	1930-31.
Foreign Countries :—	*Rs.*	*Rs.*	*Rs.*
Russia	24,90,742	39,92,489	53,16,768
Sweden	32,10,690	45,05,253	86,83,054
Norway	29,75,045	41,79,949	57,23,907
Germany	32,32,08,897	26,56,79,183	14,05,86,627
Netherlands	8,70,58,965	9,12,31,697	6,50,77,296
Belgium	13,40,01,836	12,15,72,442	7,46,90,482
France	17,76,75,363	16,81,00,449	10,99,90,482
Spain	3,90,76,839	3,60,33,457	2,36,88,742
Switzerland	43,579	40,443	3,50,706
Italy	15,18,63,136	11,31,50,840	7,80,37,891
Austria	8,81,780	4,52,837	24,621
Turkey, European	27,52,735	20,82,465	16,18,584
,, Asiatic	21,68,671	15,07,897	10,88,406
Arabia	2,20,24,630	2,09,28,100	1,53,35,853
Iraq	1,50,29,440	1,15,57,095	83,50,714
Persia	1,59,09,694	1,60,99,000	1,22,48,183
Sumatra	1,51,98,700	1,88,36,666	1,52,18,278
Borneo and Java	3,75,90,769	4,28,68,062	2,67,43,843
Siam	1,72,51,866	1,47,01,412	99,54,717
Indo-China	1,69,51,625	1,60,95,209	80,80,852
China (exclusive of Hong Kong and Macão)	9,43,84,231	13,01,85,261	13,21,67,374
Japan	34,42,56,945	32,26,71,840	23,76,34,306
Egypt	3,40,65,843	3,88,62,490	4,11,24,452
Portuguese East Africa	1,33,13,416	1,21,71,389	1,15,68,650
Italian East Africa	41,69,508	28,25,510	12,84,608
Other East African Ports	34,45,733	24,44,270	17,87,712
United States of America	39,11,17,417	36,32,81,509	20,61,34,287
West Indies	3,81,03,248	3,38,37,458	2,42,40,011
South America	10,97,02,827	10,03,35,498	5,22,19,215
Other Foreign Countries	5,09,41,071	4,58,65,470	2,93,25,927
Total—Foreign Countries	215,08,65,241	200,60,95,640	134,27,96,585
Grand Total	330,12,78,786	310,80,55,200	220,45,52,676

EAST INDIA
ACCOUNTS AND ESTIMATES
1932-1933

EXPLANATORY MEMORANDUM
By the Secretary of State for India

Presented by the Secretary of State for India to Parliament by Command of His Majesty
September 1932

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East India Accounts and Estimates, 1932-33: Explanatory Memorandum by the Secretary of State for India. (Cmd. 4161.)

Correction:—

Page 12.—For 3·06, 7·44 and 5·60 in the third paragraph read 3,06, 7,44 and 5,60, respectively; and for 4·52 and 7·59 in the fourth paragraph read 4,52 and 7,59, respectively.

Page 13.—For 15·09 in the first paragraph read 15,09.

(16695)

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MEMORANDUM

BY THE

SECRETARY OF STATE FOR INDIA

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA (Central Government) for 1930-31 and the ESTIMATES for 1931-32 and 1932-33.

I.—INTRODUCTION.

Separation of Central and Provincial Finances.

The chief Provincial Governments in India have assigned to them specific revenues of their own, and are responsible for the discharge of those functions of Government which have been classified as "provincial subjects."

The finances of the Central Government and of the several Provincial Governments are thus kept separate and distinct from each other.

With effect from 18th April, 1932, the North-West Frontier Province was made a Governor's Province, and an annual subvention of Rs. 1 crore has been given to the Province to cover the revenue deficit; the figure of Rs. 1 crore is to be operative for the next three years or until the new constitution for India is inaugurated, whichever is earlier. An initial cash balance of Rs. 10 lakhs has also been placed at the disposal of the Province.

The annual volumes of the "Finance and Revenue Accounts of the Government of India," commencing with that for 1921-22, exhibit separately the revenue and expenditure of the Central Government and of each of the Provincial Governments. The Central Government and each Provincial Government issues annually its own budget estimate for the forthcoming year and, in most cases, a revised estimate for the closing year. **This Memorandum, however, deals with the Accounts and Estimates of the Central Government only, except where otherwise stated.**

Separation of Railway Finance from General Finance.

In accordance with a Resolution passed in the Legislative Assembly in September, 1924, Railway Finance has been separated from the general finances of Government with effect from the year 1924-25. The Railway revenue account and the contributions of the Railways to the general revenues are shown on pages 11 to 13.

Rates of Exchange.

In the Accounts for 1930-31 sterling amounts under Revenue and Capital heads are converted into rupees at Rs. 13·4983 per £1, the average of the daily rates for telegraphic transfers in Calcutta on London for that year, sterling amounts under Debt and Remittance heads being converted at Rs. 13⅓ per £1 (1s. 6d. to the rupee).

In the estimates sterling expenditure is converted into rupees at the following rates :—

Budget, 1931–32	.. ..	1s. 6d. per rupee (Rs. 13⅓ per £1).
Revised Estimate, 1931–32	..	1s. 5⅞d. per rupee (Rs. 13·4266 per £1)
Budget, 1932–33	.. ..	1s. 6d. per rupee (Rs. 13⅓ per £1).

II.—REVENUE, AND EXPENDITURE CHARGED TO REVENUE.

Gross Revenue and Expenditure.

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are as follows :—

Gross Revenue and Expenditure.	Accounts, 1930–31.	Budget, 1931–32.	Revised Estimate, 1931–32.	Budget, 1932–33.
	Rs.	Rs.	Rs.	Rs.
Revenue	1,24,59,55,721	1,34,86,64,000	1,20,76,94,000	1,29,96,29,000
Expenditure	1,36,18,00,695	1,34,85,58,000	1,34,42,78,000	1,27,81,45,000
Surplus (+) or *Deficit* (−)	*−11,58,44,974*	+ 1,06,000	*− 13,65,84,000*	+ 2,14,84,000

In these figures all receipts on revenue account are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies, are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure.

The figures of Gross Revenue given above include the net receipts of railways and other commercial undertakings without any deduction on account of interest charges, the total receipts from the sale of opium, and the receipts of certain spending departments ; while the figures of Gross Expenditure include the interest charges of commercial undertakings, and the cost of cultivation and manufacture of opium. This method of compilation may cause the revenue available for administrative purposes and the expenditure on such purposes to appear greater than they really are. A statement of the net revenue and expenditure of the Central Government for the three years under review is therefore given in the table below, which shows the *net* revenue derived from commercial undertakings, after deducting all expenditure including interest charges, and *net* figures under other heads of revenue and expenditure obtained by deducting (1) the cost of cultivation and manufacture of opium from sale receipts, and (2) the receipts of the spending departments from the gross expenditure incurred by them. The cost of the establishments maintained for the collection of revenue other than opium is not shown as a deduction from revenue, but as a separate head of expenditure.

Net Revenue.

	Accounts, 1930-31.		Budget Estimate, 1931-32.		Revised Estimate, 1931-32.		Budget Estimate, 1932-33.	
I. *Principal Heads of Revenue :—*	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Customs ..	46,80,76,245		56,45,97,000		46,22,55,000		52,31,27,000	
2. Taxes on Income ..	16,00,33,362		17,44,54,000		17,30,49,000		18,73,38,000	
3. Salt	6,83,22,449		7,05,00,000		8,48,03,000		9,43,40,000	
4. Opium ..	1,78,90,977		1,41,95,000		1,17,07,000		61,01,000	
5. Other Heads..	2,03,22,337		2,21,46,000		2,15,08,000		1,79,39,000	
		73,46,45,370		84,58,92,000		75,33,22,000		82,88,45,000
II. *Commercial Undertakings :—*								
1. Railways ..	5,73,57,332		5,36,02,000		—		—	
2. Irrigation ..	*—30,73,383*		*—8,35,000*		*—12,22,000*		*—2,46,000*	
3. Posts and Telegraphs ..	*—1,55,36,734*		*—91,70,000*		*—80,73,000*		*—22,26,000*	
		3,87,47,215		4,35,97,000		*—92,95,000*		*—24,72,000*
III. *Currency and Mint*								
1. Currency ..	72,21,572		8,20,000		1,31,01,000		2,80,57,000	
2. Mint	*—44,87,082*		*—23,57,000*		*—49,77,000*		*—19,42,000*	
		27,34,490		*—15,37,000*		81,24,000		2,61,15,000
IV. *Miscellaneous Civil Receipts* ..		40,16,516		23,74,000		1,11,42,000		24,25,000
V. *Extraordinary Items* ..		83,57,959		30,19,000		5,48,000		1,81,000
Total Net Revenue ..		78,85,01,550		89,33,45,000		76,38,41,000		85,50,94,000

Net Expenditure.

———	Accounts, 1930–31.		Budget Estimate, 1931–32.		Revised Estimate, 1931–32.		Budget Estimate, 1932–33.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
I. *Debt Services* ..		14,03,70,403		15,85,41,000		17,77,91,000		18,12,23,000
II. *Military Services* :—								
1. Army ..	48,86,94,035		47,60,38,000		46,58,18,000		43,60,91,000	
2. Marine ..	68,42,405		69,40,000		69,83,000		65,03,000	
3. Military Engineer Services	4,50,48,241		3,98,98,000		4,29,01,000		2,85,97,000	
4. Transfers to *or from* Military Reserve Fund	24,15,319		*— 28,76,000*		18,98,000		*— 37,91,000*	
		54,30,00,000		52,00,00,000		51,76,00,000		46,74,00,000
III. *Collection of Revenue*		3,58,73,826		3,66,71,000		3,39,38,000		3,45,02,000
IV. *Civil Administration*		12,36,93,232		12,02,91,000		11,37,31,000		8,74,82,000
V. *Miscellaneous Civil Charges* ..		3,74,59,774		3,58,77,000		3,73,15,000		3,57,47,000
VI. *Civil Works* ..		2,35,47,240		2,16,43,000		1,99,28,000		1,67,40,000
VII. *Forest and other Capital Outlay charged to Revenue* ..		4,02,049		2,16,000		1,22,000		3,16,000
VIII. *Miscellaneous Adjustments with Provincial Governments*		—		—		—		1,02,00,000
Total Net Expenditure charged against Revenue		90,43,46,524		89,32,39,000		90,04,25,000		83,36,10,000
Surplus (+) or *Deficit* (—)		*— 11,58,44,974*		+ 1,06,000		*— 13,65,84,000*		+ 2,14,84,000

Accounts, 1930–31.

The Accounts for 1930–31 show a deficit of Rs. 11·58 crores, as compared with a deficit of Rs. 12·68 crores in the Revised Estimate for the same year. The principal variations are noted in the Financial Secretary's memorandum in the Indian Budget Volume (H.C. 104 of 1932).

Revised Estimate, 1931–32.

The Revised Estimate for 1931–32 anticipated a deficit of Rs. 13·66 crores. The original Budget provided for a nominal surplus of Rs. 1 lákh. The continuance of the world-wide depression necessitated a review of the position in September, 1931, when, in the light of estimates covering the ensuing eighteen months to March, 1933, a Supplementary Budget was introduced, and Government (*a*) reduced expenditure by economies and retrenchment; (*b*) made emergency cuts in salaries of Government servants; and (*c*) increased taxation. The rates of income-tax and super-tax were increased by 12½ per cent. in that year and by 25 per cent. for 1932–33, and incomes between Rs. 1,000 and Rs. 1,999 became liable to income-tax. The import duties were increased on brown sugar, boots and shoes, artificial silk yarn, thread and piece goods, camphor and electric bulbs, and a surcharge of 25 per cent. was imposed on all import duties—other than on new duties on raw cotton, machinery, dyes—and on all excise duties including salt. The rates of postage on letters and postcards were also increased. The Finance (Supplementary and Extending) Bill, which provided for this taxation, was not passed by the Legislative Assembly after being recommended by the Governor-General. After being passed, however, by the Council of State, it was certified by the Governor-General under Section 67B of the Government of India Act (*vide* Parliamentary Paper H.C. 13 of 1932), and became an Act on the 28th November, 1931.

The Supplementary Budget estimated a deficit of Rs. 10·17 crores in 1931–32 and a surplus of Rs. 5·23 crores in 1932–33, it being considered justifiable, during a period of exceptional depression, to regard the combined deficit for the two years of Rs. 494 lakhs as covered by estimating for a reduction of about Rs. 247 lakhs in each year from the provision for the Reduction or Avoidance of Debt.

The Revised Estimate for 1931–32 shows a deficit of Rs. 13,66 lakhs as compared with the September figure of Rs. 10,17 lakhs.

The variations in *net* revenue and expenditure in the Revised Estimate of 1931–32 from the original Budget of that year are as follows.

Net Revenue.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Salt	1,43,03,000	Customs	10,23,42,000
Currency	1,22,81,000	Railways	5,36,02,000
Miscellaneous Civil Receipts	87,68,000	Mint	26,20,000
Posts and Telegraphs	10,97,000	Opium	24,88,000
		Extraordinary items	24,71,000
		Taxes on Income ..	14,05,000
		Irrigation	3,87,000
		Other heads	6,38,000
Total	3,64,49,000	Total	16,59,53,000

Net decrease, Rs. 12,95,04,000.

Net Expenditure.

Increases.	*Rs.*	*Decreases.*	*Rs.*
Debt Services ..	1,92,50,000	Civil Administration	65,60,000
Miscellaneous Civil Charges	14,38,000	Collection of Revenue	27,33,000
		Military Services ..	24,00,000
		Civil Works	17,15,000
		Forest and other Capital outlay charged to Revenue	94,000
Total	2,06,88,000	Total	1,35,02,000

Net increase, Rs. 71,86,000.

Further details are given in the Indian Budget Volume (H.C. 104 of 1932).

Budget, 1932–33.

The Budget Estimates for 1932–33 show a surplus of Rs. 2,15 lakhs, and compares with the September forecast as follows :—

	September forecast, 1932–33.	Budget, 1932–33.
	Rs. lakhs.	Rs. lakhs.
Gross Revenue	133,06	129,96
,, Expenditure	127,83	127,81
Surplus	5,23	2,15

The reduction in the anticipated surplus is due mainly to the estimated customs revenue being much lower.

No further changes in taxation were made in 1932–33, and no Finance Bill was necessary; the salt duty, postage rates, and income-tax and super-tax rates for the year 1932–33 having been fixed in the Indian Finance (Supplementary and Extending) Act, 1931. This Act also provided for the continued credit to revenue during 1932–33 of the interest on securities in the Paper Currency Reserve and the surplus in the Gold Standard Reserve over £40 millions.

The Legislative Assembly, in the course of voting demands, made two token cuts of Rs. 100 each in the Demand in respect of the Executive Council.

The variations in *net* revenue and expenditure in the Budget for 1932–33 from the Revised Estimate figures for 1931–32 are as follows :—

Net Revenue.

Increases.	Rs.	*Decreases.*	Rs.
Customs	6,08,72,000	Miscellaneous Civil Receipts	87,17,000
Currency	1,49,56,000	Opium	56,06,000
Taxes on Income ..	1,42,89,000	Extraordinary Items	3,67,000
Salt	95,37,000	Other heads	35,69,000
Posts and Telegraphs	58,47,000		
Mint	30,35,000		
Irrigation	9,76,000		
Total	10,95,12,000	Total	1,82,59,000

Net increase, Rs. 9,12,53,000.

Net Expenditure.

Increases.	Rs.	*Decreases.*	Rs.
Debt Services ..	34,32,000	Military Services ..	5,02,00,000
Collection of Revenue	5,64,000	Civil Administration	2,62,49,000
Forest and other Capital Outlay charged to Revenue	1,94,000	Civil Works	31,88,000
		Miscellaneous Civil Charges	15,68,000
Miscellaneous adjustments with Provincial Governments	1,02,00,000		
Total	1,43,90,000	Total.. ..	8,12,05,000

Net decrease, Rs. 6,68,15,000.

Further details are given in the Finance Member's speech and the Financial Secretary's memorandum in the Indian Budget Volume (H. C. 104 of 1932).

III.—RAILWAYS.

In accordance with the resolution passed by the Legislative Assembly in September, 1924, railway finance was separated from the general finances of the Government of India with effect from 1924–25. After deducting all working expenses, including interest charges of commercial lines, the railways have now to make a contribution to general revenues equal to 1 per cent. on the capital at charge of the commercial lines in the penultimate year *plus* one-fifth of surplus profits in such penultimate year and one-third of the amount remaining available for transfer to Railway reserves in excess of Rs. 3 crores, but from the amount of these contributions are deducted the interest on capital and loss in working of strategic lines.

The Railway Revenue and Expenditure figures for 1930–31 to 1932–33 are given in the following table.

	Accounts, 1930-31.	Budget Estimate, 1931-32.	Revised Estimate, 1931-32.	Budget Estimate, 1932-33.
REVENUE.				
State Railways—	Rs.	Rs.	Rs.	Rs.
(1) Commercial Lines :—				
Gross Receipts	93,62,16,665	99,50,00,000	85,43,00,000	87,65,00,000
Deduct —				
Working Expenses	*65,26,88,857*	*64,40,00,000*	*60,91,00,000*	*60,81,00,000*
Surplus Profits paid to Indian States and Railway Companies	*1,16,29,532*	*75,00,000*	*82,75,000*	*80,00,000*
Net Receipts	27,18,98,276	34,35,00,000	23,69,25,000	26,04,00,000
(2) Strategic Lines :—				
Gross Receipts	1,47,60,130	1,50,10,000	1,32,10,000	1,35,10,000
Deduct :—				
Working Expenses and Refunds of Revenue	*2,18,68,510*	*2,03,10,000*	*1,92,10,000*	*1,89,10,000*
Net Receipts..	*—71,08,380*	*—53,00,000*	*—60,00,000*	*—54,00,000*
Total Net Receipts—Commercial and Strategic Lines	26,47,89,896	33,82,00,000	23,09,25,000	25,50,00,000
Subsidized Companies: Government Share of Surplus Profits	20,36,173	18,00,000	19,00,000	18,00,000
Interest on Depreciation and Reserve Funds	1,32,18,155	1,24,35,000	95,68,000	85,15,000
Other receipts	20,91,701	16,00,000	15,50,000	6,50,000
Transferred from Railway Reserve Fund	10,92,35,160	4,13,67,000	4,95,06,000	—
Loan from Railway Depreciation Fund	—	—	4,52,02,000	7,58,79,000
Total Revenue ..	39,13,71,085	39,54,02,000	33,86,51,000	34,18,44,000
EXPENDITURE.				
Interest Charges :—				
(1) Commercial Lines	31,24,64,120	32,08,68,000	31,80,17,000	32,23,07,000
(2) Strategic Lines	1,46,91,014	1,48,52,000	1,47,92,000	1,48,57,000
Total Interest Charges ..	32,71,55,134	33,57,20,000	33,28,09,000	33,71,64,000
Other Expenditure	68,58,619	60,80,000	58,42,000	46,80,000
Total Expenditure ..	33,40,13,753	34,18,00,000	33,86,51,000	34,18,44,000
Total Payment from Railways to General Revenues	5,73,57,332	5,36,02,000	—	—
Comprising :—				
Contribution	5,73,57,332	5,36,02,000	—	—
One-third of Excess of Railway Surplus over three crores ..	—	—	—	—

The net payments due from the Railways to general revenues of the Central Government in 1930–31, 1931–32, and 1932–33, calculated in the manner explained above, are as follows :—

	Accounts, 1930–31.	Revised Estimate, 1931–32.	Budget Estimate, 1932–33.
	Rs.	*Rs.*	*Rs.*
1 per cent. on Capital at charge, commercial lines	6,93,73,407	7,23,54,278	7,35,94,899
One-fifth of surplus profit	51,84,074	—	—
"	7,45,57,481	7,23,54,278	7,35,94,899
Deduct Interest on capital and loss in working of strategic lines	*1,72,00,149*	*1,87,51,860*	*2,13,36,606*
Contribution	5,73,57,332	5,36,02,418	5,22,58,293
One-third of excess of railway surplus over 3 crores ..	—	—	—
Total payment due to general revenues ..	5,73,57,332	5,36,02,418	5,22,58,293

Owing to the continuance of the economic depression there has been a serious fall in railway earnings, and it was not practicable to provide in the Estimates for any contribution from the Railways to general revenues in 1931–32 or 1932–33.

The losses on Commercial lines are: 1930–31, Accounts, Rs. 3·06 lakhs; 1931–32, Revised Estimate, Rs. 7·44 lakhs; and 1932–33, Budget, Rs. 5·60 lakhs.

As mentioned above, it has been impossible to provide for payment of any contribution to General Revenues in 1931–32 or in 1932–33. In order to pay the full interest charges it has been necessary in 1931–32 to withdraw the whole available amount standing in the Railway Reserve Fund and to take a temporary loan from the Railway Depreciation Fund of Rs. 4·52 lakhs. For 1932–33, there being no free balance in the Reserve Fund, the Railway Budget has had to be balanced by a further loan from the Railway Depreciation Fund of about Rs. 7·59 lakhs.

The Budget Estimate assumes that the volume of traffic in 1932–33 will be about the same as in 1931–32, but provides for an extra Rs. 1 crore in the gross traffic receipts to allow for the full effect of the enhancement of rates and fares, including the surcharge on coal freights, the balance of the apparent increase shown by the comparative figures on page 11, being due merely to an altered method of accounting adopted in the later year. It is also anticipated that working expenses will actually be lower by Rs. 1¼ crores, mainly as a result of the emergency deductions

in pay, the merely nominal decrease shown by the comparative figures on page 11, being due to an altered method of accounting adopted in the later year.

The Railway Depreciation Fund is estimated to have a closing balance on 31st March, 1933, of Rs. 15·09 lakhs.

Particulars of the capital expenditure on Railways are given in chapter V (*vide* page 17).

IV.—TAXATION PER HEAD IN BRITISH INDIA.

Total Tax Revenue.	Accounts, 1930–31.	Budget Estimate, 1931–32.	Budget Estimate, 1932–33.
	Lakhs of Rs.	*Lakhs of Rs.*	*Lakhs of Rs.*
Customs	46,64·28	56,29·33	52,05·63
Taxes on Income	16,30·97	17,70·94	18,91·70
Salt	6,44·10	6,67·51	9,18·21
Excise	16,49·42	16,94·20	14,09·08
Stamps	12,60·56	13,04·89	12,42·53
Registration	1,16·09	1,29·27	1,09·76
Scheduled Taxes	32·45	44·39	46·22
Total (excluding Land Revenue) ..	99,97·87	1,12,40·53	108,23·13
Land Revenue	30,03·20	36,19·79	32,77·65
Total (including Land Revenue) ..	1,30,01·07	1,48,60·32	1,41,00·78
The **taxation per head** on the assumption that the whole is paid by the inhabitants of British India, is :—			
(i) exclusive of Land Revenue..	*Rs.* 3·68	*Rs.* 4·10	*Rs.* 3·90
(ii) inclusive of Land Revenue..	4·78	5·41	5·09

The above figures include both Central and Provincial revenue.

For the purpose of calculating the taxation per head, the figures of population have been based on the Census of 1931 (271,749,312), an annual increase of population at the rate of one per cent. being assumed.

V.—PUBLIC DEBT AND CAPITAL EXPENDITURE.

Debt Transactions.

1931–32.

Indian Treasury Bills of 3 and sometimes 6 and 9 months' currency were sold in India during the year. The amount outstanding with the public on 31st March, 1931, was Rs. 55·38 crores and on 31st March, 1932, Rs. 47·54 crores. In addition,

Rs. 49·67 crores were held in the Paper Currency Reserve on 31st March, 1932, as against Rs. 5·89 crores held on 31st March, 1931.

On the 19th May, 1931, £10,000,000 India 6 per cent. bonds, repayable at par in 1933–34, were issued in London at par, to provide funds for capital expenditure on railways in India and for general purposes. About 62 per cent. of the loan was taken by the Underwriters.

The £4,047,000 India Bills were repaid in April to June, 1931.

India 6½ per cent. Treasury Bonds, 1935, were issued in India from 15th Sept. until 12th Dec., 1931. Subscriptions were admissible in the form of cash (including Indian Treasury Bills on maturity) and Indian 6 per cent. Bonds 1931. The price of issue was at par for the first week increasing by 2 annas per cent. weekly to cover the accrued interest. The subscriptions were :—

	Rs. lakhs.
Cash	14,91
1931 Bonds ..	2,04
Total ..	16,95

On the 15th January, 1932, the outstanding balance of £11,213,428 5½ per cent. Stock, then due, was paid off.

The net increase in the Permanent Debt in India for the year was estimated at Rs. 5½ crores, about Rs. 17 crores new debt having been raised and about Rs. 11½ crores of 1931 Bonds and other loans having been discharged by repayment or conversion. The floating debt in India was estimated to be increased by Rs. 43·4 crores owing to the increased holding of Treasury Bills in the Paper Currency Reserve.

Unfunded debt in India was estimated to be increased by Rs. 9¾ crores, including Savings Bank Deposits, Rs. 3¾ crores (net), and Post Office Cash Certificates, Rs. 6 crores (net).

Permanent Debt in England was reduced by approximately £3¼ millions (net), resulting from the discharge of nearly £15 millions of 5½ per cent. Stock, 1932, the part repayment of £1·6 millions of the capital portion of the Railway Annuities, and the redemption of £200,025 of debt by the operation of the State Railways Sinking Funds ; partly set off by the issue of £10 millions 6 per cent. Bonds, 1933–34, and the last instalment due in April, 1931, from the issue of £12 millions 5½ per cent. Stock, 1936–38, in the previous February. The sterling Floating Debt, consisting of £4·05 millions India Bills, was discharged.

1932–1933.

The Budget provided for a capital outlay of Rs. 5·65 crores, including Rs. 4·15 crores on the construction of State Railways; Rs. 23 lakhs on Posts and Telegraphs; Rs. 55½ lakhs on Vizagapatam Port; Rs. 46½ lakhs in respect of the commuted value of pensions; and Rs. 25 lakhs for payments to retrenched personnel; for the discharge in India of Permanent Debt amounting to Rs. 16½ crores and in England of :—

£1,653,000 for part capital redemption of the railway annuities created in purchase of railways;

£6,000,000 for the discharge of 6 per cent. Bonds, 1932–33; and

£200,025 for the statutory sinking funds established in connection with the purchase of the East Indian, Eastern Bengal, and the Scinde Punjab and Delhi Railways.

The Budget also contemplated the issue of a Rupee loan of Rs. 14½ crores, to provide for the repayment of maturing of 6 per cent. bonds, 1932. It also assumed net receipts of Rs. 5 crores from sales of Post Office Cash Certificates and of Rs. 6·55 crores from Savings Bank deposits.

The sale of Indian Treasury Bills was continued in the form of 3 and 6 months maturities. On the 1st July, 1932, the Bills outstanding with the public amounted to Rs. 44·7 crores.

On the 27th April, 1932, £10,000,000 India 5 per cent. stock, repayable at par in 1942–47, was issued in London at par, to provide funds for repayment of £6,000,000 Bonds falling due in June, 1932, for capital expenditure on railways in India, and for general purposes. The loan was over-subscribed.

The first Rupee Loan of 1932 was open to subscription from the 6th to the 18th June, inclusive. It was a 5½ per cent. Loan, repayable at par in 1938–40, without limit of amount, issued at Rs. 98 per cent. Subscriptions were accepted in cash, Indian Treasury Bills, and 6 per cent. Bonds, 1932.

The subscriptions were as follows :—

	Rs. lakhs.
Cash	13,70
Treasury Bills	1,81
1932 Bonds	3,72
Total	19,23

On 15th June, 1932, the outstanding balance of £3,604,600 India 6 per cent. Bonds, 1932-33, was repaid.

A second Rupee Loan was opened for subscription on 17th August, 1932. It took the form of a 5 per cent. Loan, repayable at par in 1940–43, limited to approximately Rs. 25 crores and issued at Rs. 98 per cent. Subscriptions were admissible in cash; 5 per cent. Bonds, 1933, and in 6 per cent. Bonds, 1933–36. The loan was closed on the opening day, the full amount having been subscribed.

Public Debt Outstanding.

The amount of the permanent and floating public debt of the Government of India (Central Government) outstanding is given in the following table. The figures include debt incurred on behalf of Provincial Governments, the debenture stocks of various railways taken over by the Secretary of State on the transfer of the lines, and the capital value of liabilities undergoing redemption by way of terminable railway annuities.

	In India‡	In England*
	Rs.	£
31st March, 1931..	4,78,50,98,335	387,899,874
31st March, 1932..	5,29,38,40,328	379,035,131
31st March, 1933 (Estimate)	5,19,88,86,328	377,479,256

‡ Excludes Post Office Cash Certificates.
* Includes liability for British Government 5 per cent. War Loan, 1929–47, taken over by India.

A statement of the interest-bearing obligations (including the public debt) of the Government of India is given on pages 18 and 19.

Provision for Reduction or Avoidance of Debt.

With effect from 1925–26, a scheme was introduced, for five years, to stabilise the annual provision from revenue for the reduction or avoidance of debt at Rs. 4 crores *plus* a sum representing one-eightieth of the net amount of new debt contracted (up to the end of the previous year) since 31st March, 1923, the sterling portion of this additional debt being converted into rupees at Rs. 15 per £1 for this purpose. It has been decided that, pending further consideration of the scheme along with the Railway Convention, the provision from the year 1930–31 onwards should be made on the same lines, except that sterling debt should be converted into rupees at the statutory rate of Rs. 13⅓ per £ instead of at Rs. 15 per £1. In the Budget for 1932–33 the amount so provided was Rs. 6·82 crores. Prior to 1930–31 the amounts under this head were increased by the Reparation receipts as provided in section 7 of the Indian Finance Act, 1926. These provisions have, however, been repealed so that no addition has been made on this account with effect from 1930–31.

RAILWAYS.

The capital expenditure on railways shown in the Accounts for 1930–31 and in the Estimates for 1931–32 and 1932–33, is as follows :—

——	Accounts, 1930-31.	Revised Estimate, 1931-32.	Budget, 1932-33.
	Rs.	*Rs.*	*Rs.*
Outlay on lines worked by the State and by guaranteed companies :—			
(1) From funds provided by the State ..	13,20,87,259	8,35,00,000	4,15,00,000
(2) From funds raised through companies or provided from other sources ..	—	—	—
	13,20,87,259*	8,35,00,000*	4,15,00,000

*The figures in the above table have been arrived at after allowing for adjustment in respect of exchange.

In addition to the above figures, capital expenditure is incurred on branch lines from funds deposited by Branch line Companies or advanced by the Government.

The following table shows the capital outlay on all State lines up to the end of the year and the net return obtained:—

——	Accounts, 1930–31.	Revised Estimate, 1931-32.	Budget, 1932–33.
Capital at charge at end of each year (Central Government)	*Rs.* 7,83,17,75,811	*Rs.* 7,91,52,75,811	*Rs.* 7,95,67,75,811
Working profit from railways excluding interest charges ..	27,52,77,306	23,81,01,000	26,12,85,000
Percentage of same to capital at charge ..	3·51%	3·01%	3·28%
Final working profit *or loss* after meeting interest charges ..	*Rs. 5,18,77,828*	*Rs. 9,47,08,000*	*Rs. 7,58,79,000*
Percentage of same to capital at charge ..	*0·66%*	*1·20%*	*0·95%*

POSTS AND TELEGRAPHS.

Capital outlay not charged to Revenue was estimated at Rs. 23 lakhs for 1932–33 as compared with Rs. 29½ lakhs for 1931–32 (Revised Estimate) and Rs. 54½ lakhs in 1930–31.

Expenditure on the New Capital at Delhi.

The capital expenditure incurred, or estimated to be incurred, in 1930–31 and 1931–32, on permanent works at Delhi, is as follows :—

	Rs.
1930–31 (Accounts)	48,26,555
1931–32 (Revised Estimate)	12,22,000

The total actual capital expenditure incurred up to 31st March, 1931, was Rs. 14,63,89,560.

The new Delhi Capital Account has now been closed and any further expenditure or receipts will be included in the Revenue Account under the Head " Civil Works."

Other Capital Expenditure.

Provision has also been made for the following items of expenditure of the Central Government charged outside the Revenue account :—

———	Accounts, 1930-31.	Revised Estimate, 1931-32.	Budget, 1932-33.
	Rs.	Rs.	Rs.
Construction of Irrigation works	27,553	15,000	—
Capital Outlay on Vizagapatam Port	38,73,238	37,52,000	55,55,000
Payment of commuted value of pensions ..	42,65,721	38,26,000	46,55,000
Capital outlay on Security Printing	4,01,689	*—3,94,000*	4,000
Capital Outlay on Currency Note Printing Press	1,35,474	1,000	4,000
Capital Outlay on Bombay Land Scheme ..	2,10,37,335	—	—
Payments to retrenched personnel	—	10,00,000	25,00,000

The debits to the Capital head of account " Payments to retrenched personnel " are gratuity payments, and are to be written back to revenue by five equal annual instalments commencing in 1933–34.

Interest-bearing Obligations of the Government of India.

The following table exhibits the interest-bearing obligations of the Government of India and shows also the portion of Indian Debt incurred on behalf of Government Commercial undertakings and of the Provincial Governments.

Statement showing the interest-bearing obligations and certain interest-bearing assets of the Government of India, at the close of each financial year.

	31st March, 1928.	31st March, 1929.	31st March, 1930.	31st March, 1931.	31st March, 1932. (Estimate.)
In India :	(In crores of rupees.)				
Loans (*a*)	372·25	390·73	405·11	417·24	422·70
Treasury Bills in the hands of the public	7·59	4·00	36·04	55·38	55·38
Treasury Bills in the Paper Currency Reserve	31·94	39·15	29·22	5·89	49·28
Other Obligations :—					
Post Office Savings Banks	32·67	34·49	37·13	37·03	38·22
Cash Certificates	30·70	32·30	35·00	38·43	44·43
Provident Funds, etc.	55·82	60·52	65·41	70·33	72·86
Depreciation and Reserve Funds	25·48	31·09	30·18	21·39	17·51
Provincial Balances (*b*)	10·48	10·43	10·21	6·09	3·82
Total Loans, etc.	411·78	433·88	470·37	478·51	527·36
Total Other Obligations	155·15	168·83	177·93	173·27	176·84
Total in India	566·93	602·71	648·30	651·78	704·20
In England :	(In millions of £.)				
Loans (*a*)	272·32	283·31	289·03	316·81	314·64
War Contribution	17·28	16·72	16·72	16·72	16·72
Capital value of liabilities undergoing redemption by way of terminable railway annuities	54·79	53·35	51·86	50·32	48·72
India Bills	—	—	6·00	4·05	—
Provident Funds, etc.	·19	·43	2·54	·69	·81
Total in England	344·58	353·81	366·15	388·59	380·89
	(In crores of rupees.)				
Equivalent at 1s. 6d. to the Rupee	459·44	471·75	488·20	518·12	507·85
Total Interest-bearing obligations	10,26·37	10,74·46	11,36·50	11,69·90	12,12·05
Interest-yielding assets :					
(i) Capital advanced to Railways	668·60	700·69	730·79	743·98	752·33
(ii) Capital advanced to other Commercial Departments	20·73	21·81	22·70	23·65	25·48
(iii) Capital advanced to Provinces	126·34	137·52	142·60	151·82	164·96
(iv) Capital advanced to Indian States and other interest-bearing loans	13·91	15·49	17·65	19·45	20·43
Total Interest-yielding assets	829·58	875·51	913·74	938·90	963·20
Cash, bullion, and securities held on Treasury account	24·26	28·34	45·36	34·03	33·37
Balance of total interest-bearing obligations not covered by above assets	172·53	170·61	177·40	196·97	215·48

(*a*) These figures represent the nominal amounts of loans outstanding and also include comparatively smal amounts of expired loans which do not bear interest.

(*b*) The figures represent those portions of provincial balances which bear interest.

In addition to the cash, bullion and securities held on Treasury account, the Central Government held on 31st March, 1932, £40,000,000 in the Gold Standard Reserve.

VI.—GENERAL STATEMENT OF THE RECEIPTS AND DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND.

The following table shows the opening balances, receipts, disbursements and closing balances, estimated or actual, of the Government of India in 1930–31, 1931–32, and 1932–33.

	Accounts, 1930–31.	Budget, 1931–32.	Revised Estimate, 1931–32.	Budget, 1932–33.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Opening Balance, India	25,76,33,677	12,74,69,677	17,28,23,746	10,18,90,746
Opening Balance, England	(*a*) 8,51,57,683	(*a*) 6,46,96,683	(*b*) 7,40,43,787	(*b*)14,71,59,787
Total Opening Balance	34,27,91,360	19,21,66,360	24,68,67,533	24,90,50,533
RECEIPTS—				
Revenue Surplus	—	1,06,000	—	2,14,84,000
Capital Contributions by Railway Companies and Indian States towards construction of State Railways	—	—	—	—
Permanent Debt (net incurred)	46,97,53,501	10,21,62,000	1,20,70,000	—
Floating Debt (net incurred)	—	—	37,99,70,000	49,20,000
Unfunded Debt (net incurred)	5,78,41,378	9,69,72,000	9,87,94,000	11,71,03,000
Deposits and Advances (net)	—	7,44,43,000	—	6,73,02,000
Railway Depreciation and Reserve Funds (net)	—	1,04,33,000	—	51,21,000
Remittances (net)	6,15,123	6,47,000	3,29,000	4,37,000
Balances of Provincial Governments (net)	—	—	—	1,02,68,000
Total Receipts	52,82,10,002	28,47,63,000	49,11,63,000	22,66,35,000
Total	87,10,01,362	47,69,29,360	73,80,30,533	47,56,85,533
DISBURSEMENTS—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Revenue Deficit	11,58,44,974	—	13,65,84,000	—
Capital Outlay on Security Printing Press	4,01,689	*—3,94,000*	*—3,94,000*	4,000
Construction of State Railways	13,20,87,259	11,45,00,000	8,35,00,000	4,15,00,000
Capital Outlay on Posts and Telegraphs	*—3,67,995*	91,30,000	87,63,000	23,15,000
Construction of Irrigation Works	27,553	67,000	15,000	—
Capital outlay on Vizagapatam Port	38,73,238	43,18,000	37,52,000	55,55,000
Payment of Commuted Value of Pensions	42,65,721	37,38,000	38,26,000	46,55,000
Initial Expenditure on new Capital at Delhi	48,26,555	24,72,000	12,22,000	—
Capital Outlay on Bombay Land Scheme	2,10,37,335	—	—	—
Currency Capital Outlay	1,35,474	5,000	1,000	4,000
Capital Outlay on Lighthouses and Lightships	*—12,821*	—	*—2,000*	—
Payments to Retrenched Personnel	—	—	10,00,000	25,00,000
Permanent Debt (net discharged)	—	—	—	12,06,19,000
Floating Debt (net Discharged)	6,59,35,548	5,39,60,000	—	—
Deposits and Advances (net)	31,32,745	—	4,39,45,000	—
Railway Depreciation and Reserve Funds (net)	9,24,82,222	—	4,29,08,000	—
Loans and Advances by Central Government (net Advances)	10,97,01,781	7,49,71,000	14,09,60,000	11,90,96,000
Balances of Provincial Governments (net)	7,07,62,551	3,21,00,000	2,29,00,000	—
Total Disbursements	62,41,33,829	29,48,67,000	48,89,80,000	29,62,48,000
Closing Balance	24,68,67,533	18,20,62,360	24,90,50,533	17,94,37,533
Total	87,10,01,362	47,69,29,360	73,80,30,533	47,56,85,533
DISTRIBUTION OF CLOSING BALANCE—				
Closing Balance, India	17,28,23,746	12,03,84,677	10,18,90,746	11,36,83,746
Closing Balance, England	(*b*)7,40,43,787	(*a*)6,16,77,683	(*b*)14,71,59,787	(*b*)6,57,53,787

(*a*) Of this amount, £3,748 represents the cash portion of the Gold Standard Reserve.
(*b*) Of this amount, £1,085 represents the cash portion of the Gold Standard Reserve.

VII.—HOME CHARGES.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1930-31.	Revised Estimate, 1931-32.	Budget, 1932-33.
	£	£	£
Direct demands on the Revenues :—			
Stores for India	2,629	1,725	525
Leave Allowances and Miscellaneous	54,187	51,750	42,825
Railway Revenue Account :—			
Interest	9,581,233	9,578,775	9,635,850
Government share of Surplus profits	*25,838*	*6,600*	*4,275*
Leave Allowances and Miscellaneous	530,464	504,525	488,025
Irrigation Revenue Account :—			
Leave Allowances	6,581	3,900	3,300
Posts and Telegraphs :—			
Indian Postal and Telegraph Department : Leave Allowances and Miscellaneous	57,050	73,500	65,250
Indo-European Telegraph Department	*79,178*	—	—
Debt Services :—			
Interest on Ordinary Debt (less interest realised from investment of Cash Balance)	4,557,716	6,031,650	5,765,625
Interest, Discount, etc., on Gold Standard Reserve credited to Revenue	*1,600,000*	*627,000*	*450,000*
Liability assumed in respect of British 5 per cent. War Loan, 1929–47 : Interest	836,050	418,050	418,050
Management of Debt	608,190	270,000	106,275
Interest on Other Obligations	67,748	37,275	43,125
Civil Administration :—			
Home Administration :—			
India Office: Salaries and Contingencies	226,881	215,925	215,175
High Commissioner's Office : Salaries and Contingencies	206,712	206,550	195,600
Expenditure in connection with new offices	31,596	2,100	—
Audit Office : Salaries	16,804	16,350	16,425
Contribution by His Majesty's Treasury in respect of the Administrative Expenses of India Office.	*114,504*	*105,525*	*103,725*
Payments on account of Departments in India :—			
Stores for India	36,057	56,700	22,125
Leave Allowances and Miscellaneous	443,786	437,550	378,900
Currency and Mint :—			
Interest on Paper Currency Reserve Investments	*11,670*	—	—
Stores for India	7,833	6,525	2,325
Leave Allowances and Miscellaneous	4,121	3,825	5,025
Civil Works :—			
Leave Allowances and Miscellaneous	5,272	5,925	12,075
Miscellaneous :—			
Territorial and Political Pensions	8,456	8,025	8,025
Civil Superannuation Allowances and Pensions (including Home establishment Pensions)	1,400,496	1,342,200	1,316,475
Contribution to the Secretariat of the League of Nations	60,784	67,725	94,350
Other Miscellaneous Charges	*12,844*	42,075	12,075
Stationery and Printing :—			
Stores for India	29,452	36,900	25,800
Expenditure at the India Office and the High Commissioner's Office, Leave Allowances, etc.	15,486	9,900	12,225
Military Services (Army, Marine and Air Force) :—			
Home Charges of British Forces serving in India	1,510,000	1,511,025	1,511,025
Sea Transport Charges (less receipt of £130,000 from the War Office)	402,310	405,750	453,750
Unemployment Insurance	94,846	137,550	96,750
National Health Insurance	40,183	40,875	40,800
Aden Contribution	150,000	136,500	136,500
Contributions under Contributory Pensions Act, 1925	120,549	122,550	122,400
Contribution to the expenses of His Majesty's Ships in Indian Seas	101,033	101,400	101,100
Furlough Pay and Miscellaneous	1,070,969	938,325	1,022,625
Stores	2,279,640	1,226,550	612,225
Marriage Allowances and Allotments	451,751	426,300	426,300
Retired Pay of British Forces for Service in India	1,181,471	1,156,500	1,120,725
Retired Pay : Indian Services	1,511,159	1,580,025	1,747,050
Family and Miscellaneous (including Military Funds) Pensions	703,825	744,900	738,600
Extraordinary Receipts and Payments :—			
Receipts on account of Reparations, &c.	*356,874*	*53,850*	*154,425*
Total	26,212,412	27,164,700	26,302,875
Expenditure by Secretary of State	21,206,088	23,234,925	23,100,900
" " High Commissioner	5,006,324	3,929,775	3,201,975
Total	26,212,412	27,164,700	26,302,875

Expenditure in England not charged on the Revenue of the year :—

Expenditure.	Accounts, 1930-31.	Revised Estimate, 1931-32.	Budget, 1932-33.
	£	£	£
Capital outlay on State Railways	4,281,612	2,025,000	1,125,000
New Capital at Delhi	32,565	9,525	—
Posts and Telegraphs	*417,418*	30,075	—
Vizagapatam Port..	13,792	8,775	7,500
Payments to Retrenched Personnel	—	—	4,500
Lighthouses and Lightships	8,087	300	150
Expenditure by Secretary of State	1,692,075	1,301,700	987,000
" " High Commissioner	2,226,563	771,975	150,150
Total	3,918,638	2,073,675	1,137,150

VIII.—GOLD STANDARD RESERVE.

The Gold Standard Reserve has been built up out of the profit from the coinage of rupees. The principal objects for which it is maintained are (1) to provide funds from which the Secretary of State can finance his requirements at times when remittance of funds from India through the usual market channels cannot conveniently be arranged, and (2) to furnish resources against which sterling drafts may, if necessity arises, be sold by the Government of India to remitters in India.

In recent years the Reserve has been maintained at £40,000,000 any assets in excess of this amount, on the basis of current market prices or below, being appropriated to revenue, subject to credits to an Equalisation Fund (instituted with effect from 1929–30) which was designed to mitigate the effect on the budgetary position of fluctuations in the value of the securities in the Reserve.

In 1929–30, £442,709 was transferred to the Fund, of which £33,748 was transferred to Revenue in 1930–31, and the remainder in 1931–32.

The earlier history of the Reserve is described in the Explanatory Memorandum for 1922–23. [Command Paper 1766 of 1922.] and the operation of the Revenue Equalisation Fund is described in the issue for 1931–32 [Command Paper 3969 of 1931].

Statistics regarding the Gold Standard Reserve.

The total receipts from profit on coinage, interest and discount, and profit by exchange up to 31st March, 1932, were as follows:—

	£
Profits on Coinage—from 1900–01 ..	28,573,606
Interest and discount	31,201,735
Profit by exchange	194,917
	59,970,258

Of this sum, £1,123,655 has been used for capital expenditure on railways, £2,866,217 has been transferred to the Paper Currency Reserve in reduction of created Rupee securities, £14,148,884 has been transferred to Revenue, and the remainder has been credited to the Reserve. The following table shows the disposal of the sums paid to the Reserve up to 31st March, 1932, and the composition of the Reserve on that date :—

Summary of transactions.

	£	£
Profits on Coinage paid to Gold Standard Reserve—		
Total Profits realized since 1st April, 1900	28,573,606	
Deduct amount used for Capital Expenditure on Railways ..	*1,123,655*	27,449,951
Interest and discount received up to 31st March, 1932	31,201,735	
Profit by exchange ..	194,917	
Profit through appreciation	144,500	31,541,152
Profits and interest paid to Reserve from 1st April, 1900, to 31st March, 1932		58,991,103
Deduct—		
Loss on Sale, Redemption, and Conversion of Securities ..	*1,955,423*	
Transferred to Paper Currency Reserve in reduction of created securities	*2,866,217*	
Transferred to Revenue	*14,148,884*	
Miscellaneous Charges	*20,574*	*18,991,103*
Amount of Reserve on 31st March, 1932 ..		£40,000,000

State of Reserve, 31st March, 1932.

	£	£
Sterling Securities held in England (value at, or below, minimum market price) :		
Treasury Bills	4,213,772	
Other Securities (Treasury Bonds and War Loan) ..	6,480,865	
		10,694,637
Gold held on deposit at Bank of England (valued at par) ..		2,152,334
Gold held in India (valued at par)		27,153,000
Cash held in England		29
		£40,000,000

The net profit on the Gold Standard Reserve Investments up to 31st March, 1932, was £29½ millions as shown below :—

	£	£
Estimated value of securities on 31st March, 1932		10,694,637
Cost price of securities held on 31st March, 1932		10,550,137
Gain through Appreciation		144,500
Loss on sale and redemption of securities		1,955,428
Net Loss		1,810,928
Miscellaneous charges		20,574
Total of losses and charges		1,831,502
Interest and Discount received up to 31st March, 1932	31,201,735	
Profit by exchange	194,917	
		31,396,652
Net profit on investments		29,565,150

IX.—EXCHANGE AND REMITTANCE.

The sales in London by the Secretary of State of Bills and Transfers on India, the purchases of sterling in India by the Government of India and the sterling taken over in London during the last eleven years, have been as follows :—

Year.	Sale of Bills and Transfers on India by the Secretary of State.	Purchases of Sterling by the Govt. of India.	Sterling taken over in London.	Total.	Average Rate of Exchange per Rupee.
	£	£	£	£	s. d.
1921–22..	nil	—	—	nil	—
1922–23..	2,570,026	70,000	2,126,210	4,766,236	1 4·200
1923–24..	8,738,705	13,100,000	1,302,959	23,141,664	1 4·632
1924–25..	7,579,162	33,191,000	700,000	41,470,162	1 5·681
1925–26..	—	46,316,500	—	46,316,500	1 6·152
1926–27..	—	2,115,000	—	2,115,000	1 6·019
1927–28..	—	28,325,000	—	28,325,000	1 5·997
1928–29..	—	30,810,000	—	30,810,000	1 6·026
1929–30..	—	15,215,000	—	15,215,000	1 5·908
1930–31..	—	5,395,000	—	5,395,000	1 5·841
1931–32..	—	40,049,000	—	40,049,000	1 6·123

The sales by the Government of India of immediate and deferred telegraphic transfers on London during the last eleven years have been as follows :—

1921–22 to 1925–26 .. *Nil.*

1926–27 .. £1,425,000 Immediate Transfers at the rate of 1s. 5¾d.

1927–28 to 1929–30 .. *Nil.*

1930–31 .. £5,733,626 Immediate Transfers at the rate of 1s. 5$\frac{49}{64}$d.

1931–32 .. £14,047,804 Immediate Transfers at the rate of 1s. 5$\frac{49}{64}$d.

X.—SEA-BORNE TRADE.

The figures of Exports from, and Imports into, India of Merchandise and Treasure during 1929–30, 1930–31 and 1931–32, are summarised below. Further particulars are given in the published statements of the Sea-Borne Trade of British India.

Summary of Sea-borne Trade.

	1929-30.	1930-31.	1931-32.
On Private Account.			
	Rs.	Rs.	Rs.
Exports of Merchandise	317,93,23,862	225,63,66,653	160,54,65,258
Imports of Merchandise	*240,79,69,341*	*164,82,19,238*	*126,34,08,328*
Net Exports of Merchandise	77,13,54,521	60,81,47,415	34,20,56,930
Net Imports or Exports *of Gold*	*14,22,11,947*	*12,75,18,115*	57,97,27,842
Net Imports of Silver	*11,89,02,507*	*11,64,58,569*	*2,59,30,299*
Net Imports or Exports *of Currency Notes*	*8,74,321*	*3,02,427*	25,74,661
Net Imports or Exports *of Treasure*	*26,19,88,775*	*24,42,79,111*	55,63,72,204
Net Exports of Merchandise and Treasure on Private Account.	50,93,65,746	36,38,68,304	89,84,29,134
Government Transactions.			
Imports of Merchandise	*8,91,05,149*	*8,26,89,069*	4,27,14,391
Exports of Merchandise	1,05,73,227	86,55,211	65,49,971
Net Imports of Merchandise	*7,85,31,922*	*7,40,33,858*	*3,61,64,420*
Net Exports of Gold	3,551	—	—
Net Exports of Silver	3,26,90,309	1,56,65,513	3,01,47,387
Net Exports *or Imports* of Currency Notes	24,08,335	*12,177*	*17,100*
Net Exports of Treasure	3,51,02,195	1,56,53,336	3,01,30,287

SAMUEL HOARE.

India Office,

3rd September, 1932.

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EAST INDIA
ACCOUNTS AND ESTIMATES

1934-1935

EXPLANATORY MEMORANDUM

By the Secretary of State for India

Presented by the Secretary of State for India to Parliament by Command of His Majesty
September, 1934

LONDON
PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE
To be purchased directly from H.M. STATIONERY OFFICE at the following addresses
Adastral House, Kingsway, London, W.C.2; 120, George Street, Edinburgh 2
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1934
Price 6*d*. Net.

Cmd. 4695.

FINANCE DEPARTMENT
File No.
2-NOV1934
Serial No.

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MEMORANDUM

BY THE

SECRETARY OF STATE FOR INDIA

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA (Central Government) for 1932–33 and the ESTIMATES for 1933–34 and 1934–35

I.—INTRODUCTION

Separation of Central and Provincial Finances

The chief Provincial Governments in India have assigned to them specific revenues of their own, and are responsible for the discharge of those functions of Government which have been classified as "provincial subjects."

The finances of the Central Government and of the several Provincial Governments are thus kept separate and distinct from each other.

The annual volumes of the "Finance and Revenue Accounts of the Government of India," commencing with that for 1921–22, exhibit separately the revenue and expenditure of the Central Government and of each of the Provincial Governments. The Central Government and each Provincial Government issues annually its own budget estimate for the forthcoming year and, in most cases, a revised estimate for the closing year. **This Memorandum, however, deals with the Accounts and Estimates of the Central Government only, except where otherwise stated.**

Separation of Railway Finance from General Finance

In accordance with a Resolution passed in the Legislative Assembly in September, 1924, Railway Finance has been separated from the general finances of Government with effect from the year 1924–25. Notes on the Railway Budget will be found on pages 12 to 14.

Rates of Exchange

The sterling amounts under Revenue and Capital heads in the Annual Accounts are converted into rupees at the average of the daily rates for telegraphic transfers in Calcutta on London in each year; the rate applied in 1932–33 being Rs. 13·28904 per £. In the Budgets for 1933–34 and 1934–35, a conversion rate of 1s. 6d. per rupee is assumed, and in the Revised Estimate for 1933–34 a conversion rate of 1*s.* 6$\frac{1}{32}$*d.* per rupee is assumed.

The sterling amounts under Debt and Remittance heads are converted into rupees at Rs. 13$\frac{1}{3}$ per £ (1s. 6d. per rupee).

II.—REVENUE, AND EXPENDITURE CHARGED TO REVENUE.

Gross Revenue and Expenditure

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are shown in Table A on pages 6 and 7.

All receipts on revenue account are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to certain railway companies, are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure

The figures of Gross Revenue given in Table A, although showing the net receipts of railways and other commercial undertakings, make no deduction on account of interest charges; the total receipts under tax revenue do not eliminate the cost of collection; and the receipts from opium sales take no account of the cost of cultivation and manufacture. Customs revenue includes the portion of the Customs and Excise duties on motor spirit payable to the Road Development Fund for expenditure by Provincial Governments, etc. On the expenditure side, Military expenditure is shown gross, the Military receipts being included under revenue, and the appropriation to the Road Development Fund is included under Civil Works.

To present a picture of the revenue available for administrative purposes and the expenditure on such purposes, an analytical table of the *Net Revenue and Expenditure of the Central Government* is given in Table B on pages 8 and 9. This Table has been prepared on somewhat different lines from that given last in year's issue; comparable figures for previous years will be found in the tables on pages 182 *et seqq.* of the Indian Budget Volume (H.C. 103 of 1934).

A.—Gross Revenue and Expenditure charged

Revenue	Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—				
Customs	51,95,17,460	51,24,60,000	46,87,00,000	47,76,00,000
Taxes on Income	17,97,40,319	18,06,00,000	17,13,00,000	17,25,00,000
Salt	10,07,35,768	8,75,00,000	8,55,00,000	8,73,00,000
Opium	89,86,152	1,20,05,000	1,58,65,000	95,07,000
Other Heads	1,84,84,834	1,89,93,000	1,86,07,000	1,81,81,000
Total Principal Heads ..	82,74,64,533	81,15,58,000	75,99,72,000	76,50,88,000
Railways: Net Receipts	33,37,17,406	33,39,45,000	32,86,96,000	32,58,27,000
Irrigation: Net Receipts	1,64,175	*—14,000*	*—12,000*	3,000
Posts and Telegraphs: Net Receipts	39,19,117	30,41,000	31,63,000	69,78,000
Interest Receipts	1,87,62,735	1,82,00,000	1,58,98,000	1,86,25,000
Civil Administration	86,68,237	82,62,000	77,49,000	78,28,000
Currency and Mint	2,30,63,292	1,74,68,000	1,23,35,000	1,27,02,000
Civil Works	23,37,232	21,55,000	24,02,000	23,86,000
Miscellaneous	93,22,564	57,34,000	68,54,000	56,37,000
Defence Receipts	3,63,49,997	4,31,67,000	5,24,74,000	5,20,47,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments	—	—	—	—
Extraordinary Items	2,05,580	—	35,63,000	—
Total Revenue	1,26,39,74,868	1,24,35,16,000	1,19,30,94,000	1,19,71,21,000

TO REVENUE OF THE CENTRAL GOVERNMENT

EXPENDITURE.	Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
	Rs.	Rs.	Rs.	Rs.
Direct Demands on the Revenue ..	4,23,68,016	4,15,94,000	4,27,38,000	4,00,79,000
Forest and other Capital Outlay charged to Revenue	2,37,450	2,34,000	1,46,000	1,46,000
Railways: Interest and Miscellaneous Charges	33,37,17,406	33,39,45,000	32,86,96,000	32,58,27,000
Irrigation	5,40,440	4,74,000	3,85,000	5,95,000
Posts and Telegraphs	85,64,719	91,22,000	87,06,000	88,32,000
Debt Services	18,45,62,366	17,67,36,000	12,65,98,000	13,33,55,000
Civil Administration	9,68,79,566	9,59,22,000	9,58,69,000	9,58,62,000
Currency and Mint	65,67,161	64,19,000	60,89,000	66,39,000
Civil Works	1,77,16,265	1,93,92,000	2,06,88,000	2,01,96,000
Miscellaneous	4,23,51,872	4,11,76,000	4,25,38,000	4,31,74,000
Defence Services	50,37,49,997	50,51,67,000	49,67,21,000	49,58,47,000
Miscellaneous adjustments between the Central and Provincial Governments	96,05,073	1,00,00,000	1,00,00,000	2,52,44,000
Extraordinary Items	15,95,345	8,74,000	1,39,20,000	3,10,000
Total Expenditure Charged to Revenue	1,24,84,55,676	1,24,10,55,000	1,19,30,94,000	1,19,61,06,000
Surplus	1,55,19,192	24,61,000	—	10,15,00
Total	1,26,39,74,868	1,24,35,16,000	1,19,30,94,000	1,19,71,21,000

B.—Net Revenue and Expenditure of the Central Government

Net Revenue

	Accounts, 1932–33.		Budget Estimate, 1933–34.		Revised Estimate, 1933–34.		Budget Estimate, 1934–35.	
I. *Tax Revenue* :—	Rs. lakhs.		Rs. lakhs.		Rs. lakhs.		Rs. lakhs.	
Customs	50,00·45		49,20·00		44,70·92		45,57·42	
Taxes on Income	17,19·81		17,21·17		16,30·08		16,39·97	
Salt	8,95·84		7,59·80		7,40·74		7,57·92	
Other Heads	58·47		60·13		54·60		57·12	
		76,74·57		74,61·10		68,96·34		70,12·43
II. *Opium*		5·99		62·69		87·06		52·79
III. *Commercial Departments* :—								
Railways	—		—		—		—	
Irrigation	*—3·36*		*—4·67*		*—3·74*		*—5·71*	
Posts and Telegraphs	*—41·89*		*—57·20*		*—51·72*		*—14·47*	
		—45·25		*—61·87*		*—55·46*		*—20·18*
IV. *Currency and Mint*		1,64·96		1,10·49		62·46		60·63
V. *Interest Receipts*		1,87·63		1,82·00		1,58·98		1,86·25
VI. *Extraordinary Receipts*		2·06		—		35·63		—
VII. *Other Revenue* :—								
Civil Administration	86·68		82·62		77·49		78·28	
Payment from Indian States ..	73·57		73·78		76·64		73·73	
Other Heads	1,34·63		95·79		1,08·73		95·27	
		2,94·88		2,52·19		2,62·86		2,47·28
Total Net Revenue		82,84·84		80,06·60		74,47·87		75,39·20

Net Expenditure

	Accounts, 1932–33.		Budget Estimate, 1933–34.		Revised Estimate, 1933–34.		Budget Estimate, 1934–35.	
	Rs. lakhs.		Rs. lakhs.		Rs. lakhs.		Rs. lakhs.	
I. *Debt Services* :—								
Interest	11,61·38		10,78·79		9,65·98		10,33·55	
Reduction or Avoidance of Debt	6,84·24		6,88·57		3,00·00		3,00·00	
		18,45·62		17,67·36		12,65·98		13,33·55
II. *Defence Services* :—								
Effective	38,70·35		38,79·69		36,16·98		36,68·52	
Non-effective	7,88·88		8,01·71		8,17·00		8,19·23	
Transfers to *or from* Defence Reserve Fund	14·77		*—61·40*		8·49		*—49·75*	
		46,74·00		46,20·00		44,42·47		44,38·00
III. *Net Capital Outlay on Commercial Departments charged to Revenue*:—								
Posts and Telegraphs and Irrigation		4·97		3·82		3·94		4·28
IV. *Miscellaneous Adjustments between Central and Provincial Governments*		96·05		1,00·00		1,00·00		2,52·44
V. *Extraordinary Payments*		15·95		8·74		1,39·20		3·10
VI. *Other Expenditure* :—								
Civil Administration	9,68·80		9,59·22		9,58·69		9,58·62	
Other Heads	5,24·26		5,22·85		5,37·59		5,39·06	
		14,93·06		14,82·07		14,96·28		14,97·68
Total Net Expenditure		81,29·65		79,81·99		74,47·87		75,29·05
Surplus (+) or Deficit (—)		+1,55·19		+24·61		—		+10·15

Accounts, 1932–33

The Accounts for 1932–33 show a surplus of Rs. 1,55 lakhs. The principal variations in the actuals from the Revised Estimate are noted in the Financial Secretary's memorandum in the Indian Budget Volume (H.C. 103 of 1934).

Revised Estimate, 1933–34

The Revised Estimate compares with the Budget estimate for 1933–34 as follows :—

	Budget. *Rs. lakhs.*	Revised Estimate. *Rs. lakhs.*
Revenue .. "	124,35	119,31
Expenditure	124,10	119,31
Surplus	25	—

The Budget estimate anticipated a surplus of Rs. 25 lakhs after providing Rs. 6,88 lakhs for reduction of debt. The revenue, however, is now expected to be less by Rs. 5,04 lakhs (mainly under Customs and Taxes on Income); while, on the other hand, there is an estimated saving of Rs. 2,20 lakhs on expenditure, due mainly to two causes—first the receipt of Rs. 1,78 lakhs on account of the payments from His Majesty's Government towards the Defence Budget following the Capitation Tribunal Award and, secondly, the postponement of payment of Rs. 88 lakhs interest in respect of British War Loan. The revenue receipts include Rs. 33 lakhs, being the amount of outstanding debt repaid by the Persian Government.

It has been decided that, in present circumstances, it is not necessary to maintain the provision for Reduction or Avoidance of Debt at a level based on the scheme of 1924, and that it will be sufficient to charge against revenue on this account Rs. 3 crores in 1933–34 and in 1934–35. The Revised Estimate for 1933–34 would on this basis have resulted in a surplus of Rs. 1,29 lakhs. It is proposed, however, to transfer the actual surplus to a special fund to be used for assisting the provinces which have suffered from the earthquake of January, 1934. Thus the Revised Estimate provides for ultimate equilibrium of revenue and expenditure.

The principal variations from the Budget estimate are given on page 188 of the Indian Budget Volume (H.C. 103 of 1934).

Budget, 1934–35

The Budget estimates for 1934–35 anticipate a nominal surplus of Rs. 10·15 lakhs. The estimates are based generally, and in particular with regard to Customs revenue, on the assumption that there will be a modest improvement in general conditions in 1934–35.

On the basis of existing taxation, but with the continuance for another year of the 5 per cent. cut in pay and with the provision for the Reduction or Avoidance of Debt reduced to Rs. 3 crores, the Central Government's revenue estimates for 1934–35 would have been Rs. 1,53 lakhs in deficit. In addition, the export duty on hides has been abolished with a view to stimulating the export trade, at the cost of an immediate loss of revenue of Rs. 5 lakhs. The revenue position has, however, been fortified by the following measures, as a result of which the small revenue surplus, mentioned above, is anticipated :—

(*a*) Imposition of an excise duty on sugar of Rs. 1 As. 5 per cwt., (of which it is proposed to set aside 1 anna per cwt. for distribution among provinces in which factory sugar is produced, in order to assist the organisation and operation of co-operative societies among cane growers or other action designed to secure a fair price for cane to them);

(*b*) Re-adjustment of the import duty on cigarettes and on unmanufactured tobacco, the new rates of duty being—

(i) on Cigarettes, 25 per cent. *ad valorem* and in addition either Rs. 8 As. 2 per 1,000 or Rs. 3 As. 4 per lb., whichever is higher; and

(ii) on Unmanufactured Tobacco, Rs. 3 As. 4 per lb. (the standard rate) and Rs. 2 As. 12 per lb. (the preferential rate for British Colonies); and

(*c*) Reduction of the customs and excise duties on silver from 7½ annas to 5 annas per ounce, with an anticipation of larger import thereby.

Some changes have also been made in Inland Postal and Telegraph rates as an experiment to stimulate the recovery of traffic. For letters not exceeding ½ tola in weight, the rate has been reduced from 1½ annas to 1 anna; the extra 1 pie charged for embossed envelopes has been discontinued; the charge for book packets has been raised from 6 pies to 9 pies for the first 5 tolas weight or part thereof; and the minimum charges for ordinary and express telegrams have been altered to 9 annas and Rs. 1 As. 2, respectively, for telegrams of 8 words, each additional word costing 1 and 2 annas, respectively. It is estimated that these proposals will in the first year result in a net loss, which should not fall to any appreciable extent upon general revenues, since it will be met by a reduction in 1934–35 of the credit to the depreciation fund—which has a large balance—to about Rs. 8¾ lakhs, the amount actually required for renewal and reconstruction of assets.

No change has been made in the Salt Duty or in the rates of Income tax and Super tax, and the interest on the securities in the Paper Currency Reserve and the surplus in the Gold Standard Reserve over £40 millions will continue to be credited to Revenue.

The above measures suffice to balance the Central Budget, with the prospect of a small surplus. It has been recognised,

however, that in present circumstances the Government of India cannot entirely disinterest themselves in the financial position of Provincial Governments, and that, in particular, special help is required in the case of Bengal, which since 1930 has been incurring deficits at the rate of about Rs. 2 crores a year. With this object in view the Indian Legislature passed an Act levying an excise duty on matches, estimated to produce Rs. 1,38 lakhs in 1934–35. With the fortification provided by this additional revenue, the Government of India propose to transfer to the jute-producing provinces, Bengal, Bihar and Orissa and Assam, a share of the jute export duty (less cost of collection), *viz.*, Rs. 1,26 lakhs. The distribution will be made, as between the Provinces concerned, on the basis of the average production over the past five years, Bengal's share being estimated at about Rs. 1,12 lakhs. This grant, it should be added, is contingent upon the Government of India being satisfied that the Bengal Government is taking every possible measure on its own account to restore financial equilibrium. Burma will receive Rs. 18 lakhs in compensation for the abolition, consequent upon the passing of the Matches (Excise Duty) Act, 1934, of the local consumption duty on matches.

The rates of excise duty on matches manufactured in British India are Rs. 1 per gross of boxes or booklets, of which the average content per box or booklet is 40 matches or less; Rs. 1½, where the average content is 41–60 matches; Rs. 2, in the case of higher average content; and on all other matches at such rate as may be prescribed. The great majority of the Indian States have signified their willingness to recover a corresponding excise duty on any matches manufactured in their territories, the proceeds of both the British-Indian and the States duties being pooled for division on an estimated consumption basis.

It has been made clear that the proposed agreement with the States, and the assistance to Bengal and other Provinces, are only intended to cover a provisional period, and in no way represent a permanent commitment, which could indeed not be undertaken pending the final decision of Parliament as to the financial arrangements under the proposed new constitutional plan.

All the demands for grants presented to the Legislative Assembly were passed in full.

A summary of the variations in revenue and expenditure in the Budget for 1934–35 from the Budget and Revised Estimate figures for 1933–34 are given in the Financial Secretary's memorandum in the Indian Budget Volume (H. C. 103 of 1934).

III.—RAILWAYS

In accordance with the resolution passed by the Legislative Assembly in September, 1924, railway finance was separated from the general finances of the Government of India with effect from 1924–25. After deducting all working expenses, including interest charges of commercial lines, the railways have to make a contribution to general revenues equal to 1 per cent. on the capital at

charge of the commercial lines (excluding Capital contributed by Companies and Indian States) in the penultimate year *plus* one-fifth of surplus profits in such penultimate year and one-third of the amount remaining available for transfer to Railway reserves in excess of Rs. 3 crores, but from the amount of these contributions are deducted the interest on capital and loss in working of strategic lines.

The contribution to general revenues during the six years 1924–25 to 1929–30 totalled Rs. 36 crores. The contribution for 1930–31—some Rs. 6 crores—was found from the Railway reserves, but in consequence of the serious fall in Railway earnings due to the general economic depression, a contribution has not been found practicable since.

In comparing the figures of Railway Revenue and Expenditure for 1934–35 with those for previous years, account must be taken of a decision to include in the estimates and accounts, from that year onwards, the receipts and expenditure of lines belonging to private Companies or Indian States, but worked by the Main Line Administrations for a percentage of the gross earnings. The practice formerly followed was to deduct the receipts and expenditure of these lines from the total receipts and expenditure of the system by which they were administered. The Railway Revenue and Expenditure figures for 1932–33 to 1934–35 are given in the following table.

	Accounts, 1932-33.	Budget Estimate, 1933-34.	Revised Estimate, 1933-34.	Budget Estimate, 1934-35.
REVENUE.				
State Railways—	Rs.	Rs.	Rs.	Rs.
(1) Commercial Lines :—				
Gross Receipts	84,34,86,910	86,92,00,000	86,47,00,000	94,20,00,000
Deduct—				
Working Expenses	*60,95,59,088*	*61,17,00,000*	*61,10,50,000*	*63,95,50,000*
Surplus Profits paid to Indian States and Railway Companies	*65,20,731*	*54,00,000*	*56,50,000*	*56,00,000*
Payments to worked lines ..	—	—	—	*2,77,90,000*
Net Receipts..	22,74,07,091	25,21,00,000	24,80,00,000	26,90,60,000
(2) Strategic Lines :—				
Gross Receipts	1,27,54,149	1,33,25,000	1,28,10,000	1,30,15,000
Deduct :—				
Working Expenses and Refunds of Revenue ..	*1,90,17,234*	*1,93,25,000*	*1,93,60,000*	*1,94,65,000*
Net Receipts	*—62,63,085*	*—60,00,000*	*—65,50,000*	*—64,50,000*
Total Net Receipts—Commercial and Strategic Lines..	22,11,44,006	24,61,00,000	24,14,50,000	26,26,10,000
Subsidized Companies: Government Share of Surplus Profits	21,47,782	21,58,000	21,00,000	21,50,000
Interest on Depreciation and Reserve Funds	72,69,255	73,25,000	64,35,000	60,75,000
Other Receipts	8,63,212	6,50,000	9,00,000	19,70,000
Transferred from Railway Reserve Fund	—	—	—	—
Loan from Railway Depreciation Fund	10,22,93,151	7,77,12,000	7,78,11,000	5,30,22,000
Total Revenue	33,37,17,406	33,39,45,000	32,86,96,000	32,58,27,000
EXPENDITURE.				
Interest Charges :—				
(1) Commercial Lines	31,43,97,255	31,47,25,000	30,96,83,000	30,64,40,000
(2) Strategic Lines	1,46,55,062	1,45,95,000	1,43,15,000	1,40,77,000
Total Interest Charges ..	32,90,52,317	32,93,20,000	32,39,98,000	32,05,17,000
Other Expenditure	46,65,089	46,25,000	46,98,000	53,10,000
Total Expenditure	33,37,17,406	33,39,45,000	32,86,96,000	32,58,27,000

The losses on commercial lines are: 1932–33, Accounts, Rs. 8,21 lakhs; 1933–34, Revised Estimate, Rs. 5,77 lakhs; and 1934–35, Budget, Rs. 3,34 lakhs.

For 1932–33, 1933–34 and 1934–35, there being no free balance in the Reserve Fund, the Railway Accounts and Estimates are balanced by further loans from the Railway Depreciation Fund of Rs. 10,23 lakhs, Rs. 7,78 lakhs and Rs. 5,30 lakhs, respectively.

The losses on commercial lines were due chiefly to the difficult economic conditions during the period but partly also to road motor competition. Receipts from all goods traffic in 1933–34 showed a distinct improvement on those for the previous year and appear to afford some signs of a general revival in trade. Passenger receipts, however, are expected to show a decrease even on the poor figures of 1932–33. Steps are being taken on most lines to recover traffic by the introduction of revised fares and of extra train services and, on the North-Western Railway in particular, by an experimental reduction on a large scale in 3rd class fares.

The results anticipated for 1933–34 have to some extent not been realised owing to two disasters of outstanding magnitude, which occurred during the year: first, the damage caused to the Hardinge Bridge on the Eastern Bengal Railway by the floods of September, 1933; and second, the earthquake of 16th January last. A rough estimate assessed the damage caused by the earthquake at a figure between Rs. 75 lakhs and a crore of rupees. The cost of making good the damage to the Hardinge Bridge is estimated at between 1 and 1½ crores of rupees. Part of the special expenditure required under these two heads will, as representing additions to assets, be chargeable to capital; the balance (some 1 to 1½ crores of rupees) will have to be met from revenue. It has been thought undesirable to attempt to charge an amount of this order to revenue during the two or three years in which the expenditure will be incurred and it has been considered proper to spread the charge over a longer period. Accordingly it has been decided to meet the expenditure in the first instance from the depreciation fund, which will be reimbursed from Railway revenue at the rate of Rs. 15 lakhs a year until repayment is completed, some ten years hence.

The Budget Estimate assumes a continuance of the increase in Traffic Receipts, the beginning of which was seen in 1933–34. A small increase in working expenses is anticipated in 1934–35, counterbalanced by a further fall in interest charges.

The Railway Depreciation Fund is estimated to have a closing balance on 31st March, 1935, of Rs. 11·44 crores.

Particulars of the capital expenditure on Railways are given in chapter V (*vide* page 19).

IV.—TAXATION PER HEAD IN BRITISH INDIA

Total Tax Revenue.	Accounts, 1932–33.	Budget Estimate, 1933–34.	Budget Estimate, 1934–35.
	Lakhs of Rs.	*Lakhs of Rs.*	*Lakhs of Rs.*
Customs	51,67·47	50,95·96	47,45·36
Taxes on Income	18,00·31	18,13·00	17,28·30
Salt	9,83·29	8,52·41	8,41·85
Excise	14,64·63	15,06·34	14,72·43
Stamps	12,91·98	12,64·47	12,39·98
Registration	1,13·49	1,13·58	1,14·83
Scheduled Taxes	41·19	49·20	42·17
Total (excluding Land Revenue) ..	1,08,62·36	1,06,94·96	1,01,84·92
Land Revenue	30,61·06	32,88·22	31,66·54
Total (including Land Revenue) ..	1,39,23·42	1,39,83·18	1,33,51·46
The *taxation per head* on the assumption that the whole is paid by the inhabitants of British India, is :—	*Rs.*	*Rs.*	*Rs.*
(i) exclusive of Land Revenue ..	3·87	3·77	3·56
(ii) inclusive of Land Revenue ..	4·96	4·93	4·66

The above figures include both Central and Provincial revenue.

For the purpose of calculating the taxation per head, the population of British India has been estimated at 280,947,000 in 1933, 283,660,000 in 1934, and 286,402,000 in 1935.

V.—PUBLIC DEBT AND CAPITAL EXPENDITURE

Debt Transactions, 1933–34

Indian Treasury Bills in the form of 3 months' maturities were sold in India throughout the year. The amount outstanding with the public on 31st March, 1933, was Rs. 26·09 crores and on 31st March, 1934, Rs. 33·31 crores. In addition, Rs. 35·48 crores were held in the Paper Currency Reserve on 31st March, 1933, and Rs. 25·93 crores on 31st March, 1934.

The following new issues were made :

On 28th April, 1933, a 3½ per cent. Rupee Loan repayable at par in 1947–50 was issued. The loan was in two sections, each of which was limited to Rs. 15 crores. The Cash section was open to subscriptions in the form of 4 per cent. Conversion Loan of 1916–17, Cash, Treasury Bills maturing not later than 10th May, 1933, and securities of the 5 per cent. War Loan, 1929–47,

5 per cent. Bonds, 1933, and 6 per cent. Bonds, 1933–36. In the event of subscriptions exceeding Rs. 15 crores, partial allotment would be made; subscriptions in the form of Conversion Loan of 1916–17 would receive allotment in full, and firstly cash and secondly Treasury Bills would be given preference over other forms of subscription. The issue price for this section was Rs. 96 per cent. The Conversion Section was open to subscriptions in the form of 4½ per cent. Bonds, 1934, 5 per cent. Bonds, 1935, and 6½ per cent. Treasury Bonds, 1935. Both sections were fully subscribed, the Cash Section being closed about two hours after opening and the Conversion Section on 2nd May. The results were as follows :—

Cash Section.	*Rs. lakhs.*	*Conversion Section.*	*Rs. lakhs.*
Conversion Loan of 1916–17	5,53	4½% Bonds, 1934	12,98
Cash	10,07	5% Bonds, 1935	1,40
		6½% Treasury Bonds, 1935	84
Total	15,60	Total	15,22

On 9th May, 1933, £12,000,000 India 4 per cent. stock, repayable at par in 1948–53, was issued in London at £97 10*s.* per cent., to provide funds for the redemption of the outstanding balance of the issue of £7,000,000 6 per cent. Bonds, 1933–35, for capital expenditure on railways in India and for general purposes. The loan was over-subscribed.

On 9th November, 1933, £10,000,000 India 3½ per cent. stock, repayable at par in 1954–59, was issued in London at £97 per cent., to replace £10,000,000 6 per cent. Bonds, 1933–34, then under notice for repayment. The loan was over-subscribed.

The following loans were repaid :—

In London :

On 15th June, 1933, the balance of the £7,000,000 6 per cent. Bonds 1933–35.

On 15th December, 1933, the balance of the £10,000,000 6 per cent. Bonds, 1933–34.

In India :

On 15th May, 1933, 5 per cent. Indian War Loan, 1929–47.

On 1st July, 1933, 4 per cent. Conversion Loan, 1916–17.

On 15th August, 1933, 6 per cent. Bonds, 1933–36.

On 1st September, 1933, 5 per cent. Bonds, 1933.

The Permanent Debt in India was reduced in 1933–34 by approximately Rs. 11·72 crores, about Rs. 30·8 crores new debt having been raised and about Rs. 42·5 crores of debt having been discharged by repayment or conversion. The floating debt in India was reduced by Rs. 13·82 crores owing to a reduction of Rs. 17·7 crores in the holding of Treasury Bills in the Paper Currency Reserve partly set off by an increase of Rs. 3·9 crores in the amount of Treasury Bills held by the Public.

Unfunded debt in India was estimated to be increased by Rs. 22·30 crores, including Savings Bank deposits Rs. 14½ crores (net) and Post Office Cash Certificates, Rs. 7¾ crores (net).

Permanent Debt in England was increased by approximately £4·9 millions (net), resulting from the issue of £22 millions (nominal)* of Sterling Stocks, and the discharge of £12·6 millions of short term 6 per cent. Bonds ; the repayment of £1·7 millions of the capital portion of the Railway Annuities; and the redemption of £200,025 of debt by the operation of the State Railways Sinking Fund.

Debt Transactions, 1934–1935

The Budget provides for expenditure charged to capital of Rs. 6·38 crores, including Rs. 4·68 crores on State Railways; Rs. 40 lakhs on Posts and Telegraphs; Rs. 68 lakhs on the new capital at Delhi; and Rs. 49½ lakhs for payment of commuted value of pensions; for the discharge in India of Rs. 13¼ crores of Permanent Debt; and in England of :—

£1,770,150 for part capital redemption of the Railway annuities created in purchase of railways;

£634,425 for the redemption of the liability assumed in respect of British War Loan; and

£200,025 for the statutory sinking funds established in connection with the purchase of the East Indian, Eastern Bengal, and the Scinde Punjab and Delhi Railways.

Net receipts of Rs. 5½ crores from sales of Post Office Cash Certificates, and of Rs. 6 crores from Savings Bank deposits in 1934–35 are assumed.

The sale of 3 months' Indian Treasury Bills was continued with a temporary suspension from 5th June to 17th July. On the 1st July, 1934, the Bills outstanding with the Public amounted to Rs. 15·7 crores.

The ways and means estimates did not require to provide for fresh borrowing, but if loan conditions were favourable the Government of India might take advantage of them.

Notice has since been given to repay on 16th August, 1934, the 4 per cent. Loan 1934–37; also this loan and 4½ per cent. Bonds, 1934, were admissible as well as cash and Treasury Bills in subscription to a further issue of 3½ per cent. Rupee Loan, 1947–50, to which subscriptions were invited on 5th June, 1934. The price of issue was Rs. 98½ per cent., and the amount subject to a limit of Rs. 32 crores. The loan closed on 20th June. The subscriptions were approximately as follows:—Cash, including Treasury Bills, Rs. 6·21 crores; 4½ per cent. Bonds, 1934, Rs. 4·72 crores; and 4 per cent. Loan, 1934–37, Rs. 14·19 crores. Total Rs. 25·12 crores.

* Of which £19,443,299 was taken into account in 1933–34, and the remainder in 1934–35.

Public Debt Outstanding

The amount of the permanent and floating public debt of the Government of India (Central Government) outstanding is given in the following table. The figures include debt incurred on behalf of Provincial Governments, the debenture stocks of various railways taken over by the Secretary of State on the transfer of the lines, and the capital value of liabilities undergoing redemption by way of terminable railway annuities.

	In India‡	In England*
	Rs.	£
31st March, 1933	5,08,46,25,678	378,115,943
31st March, 1934	4,94,67,60,873	383,084,743
31st March, 1935 (Estimate)	4,81,43,88,873	383,036,844

‡ Excludes Post Office Cash Certificates.
* Includes liability for British Government 5 per cent. War Loan, 1929–47, taken over by India.

A statement of the interest-bearing obligations (including the public debt) of the Government of India is given on page 21.

Provision for Reduction or Avoidance of Debt

Prior to 1933–34 the provision for the reduction or avoidance of debt was made on the basis of a scheme settled in 1924, whereby the appropriation of revenue on this account was Rs. 4 crores *plus* a sum representing one-eightieth of the net amount of new debt contracted (up to the end of the previous year) since 31st March, 1923. The actual provision in 1924–25, the year before the scheme was applied, was Rs. 3·78 crores and in 1932–33 the amount had risen to Rs. 6·84 crores. Since 1924, however, the increase that has taken place in the total indebtedness of the Government of India has been more than counterbalanced by an increase in interest-yielding assets; and on 1st April, 1934, out of a total indebtedness of Rs. 1212 crores, the amount not represented by such assets was only Rs. 234 crores.

The automatic application of the 1924 formula would, if continued, prove particularly burdensome during the present abnormal depression, when the general revenues of Government are receiving no contribution, beyond the actual interest on the capital invested, from the principal productive asset, railways. It has, therefore, been decided that, although the question of the permanent basis of the future provision for the reduction or avoidance of debt cannot now be settled, in view of the strong position which has been built up by past efforts and the high percentage of the debt which is invested in potentially profitable undertakings, it is fully justifiable to reduce the provision to Rs. 3 crores in each of the years 1933–34 and 1934–35.

Railways

The capital expenditure on railways shown in the Accounts for 1932–33 and in the Estimates for 1933–34 and 1934–35, is as follows :—

	Accounts, 1932–33.	Revised Estimate, 1933–34.	Budget, 1934–35.
	Rs.	*Rs.*	*Rs.*
Outlay on lines worked by the State and by guaranteed companies :—			
(1) From funds provided by the State ..	*—72,56,705*	45,23,000	4,68,00,000
(2) From funds raised through companies or provided from other sources ..	1,03,94,137	—	—
	31,37,432*	45,23,000*	4,68,00,000

* These figures have been arrived at after allowing for adjustment in respect of exchange.

In addition to the above figures, capital expenditure is incurred on branch lines from funds deposited by Branch line Companies or advanced by the Government.

The following table shows the capital outlay on all State lines up to the end of the year and the net return obtained :—

	Accounts, 1932–33.	Revised Estimate, 1933–34.	Budget, 1934–35.
	Rs.	*Rs.*	*Rs.*
Capital at charge at end of each year (Central Government)	7,97,11,71,568	7,97,36,71,568	8,02,04,71,568
Working profit from railways excluding interest charges.. ..	22,67,59,166	24,61,87,000	26,74,95,000
Percentage of same to capital at charge ..	2·84%	3·09%	3·34%
Final working *loss* after meeting interest charges	*Rs. 10,22,93,151*	*Rs. 7,78,11,000*	*Rs. 5,30,22,000*
Percentage of same to capital at charge ..	*1·28%*	*0·98%*	*0·66%*

Other Capital Expenditure

Provision has also been made for the following items of expenditure of the Central Government charged outside the Revenue accounts :—

	Accounts, 1932–33.	Revised Estimate, 1933–34.	Budget, 1934–35.
	Rs.	*Rs.*	*Rs.*
Capital outlay on—			
Security Printing Press ..	1,107	*—1,11,000*	*—1,15,000*
Posts and Telegraphs ..	14,81,501	15,69,000	39,70,000
Vizagapatam Port	52,42,202	49,80,000	18,46,000
Currency	*—3,83,512*	*—4,14,000*	*—85,000*
New Capital at Delhi ..	—	10,00,000	67,67,000
Payment of Commuted Value of Pensions	78,88,729	85,47,000	49,56,000
Payments to Retrenched Personnel	12,63,541	2,90,000	*—3,36,000*
Total	1,54,93,568	1,58,61,000	1,70,03,000

The debits to the Capital head of account " Payments to retrenched personnel " are gratuity payments, and are to be written back to revenue by five equal annual instalments commencing in 1933–34.

INTEREST-BEARING OBLIGATIONS AND INTEREST-YIELDING ASSETS

The following table exhibits the interest-bearing obligations of the Government of India and shows also the portion of Indian Debt incurred on behalf of Government Commercial undertakings and of the Provincial Governments.

Statement showing the interest-bearing obligations and certain interest-yielding assets of the Government of India, at the close of each financial year

	31st March, 1930.	31st March, 1931.	31st March, 1932.	31st March, 1933.	31st March, 1934. (Estimate.)
In India:	(In crores of rupees.)				
Loans (*a*)	405·11	417·24	422·69	446·89	435·17
Treasury Bills in the hands of the public	36·04	55·38	47·53	26·09	33·31
Treasury Bills in the Paper Currency Reserve	29·22	5·89	49·67	35·48	25·93
Ways and Means Advance	—	—	9·50	—	—
Other Obligations:—					
Post Office Savings Banks	37·13	37·03	38·20	43·40	52·32
Cash Certificates	35·00	38·43	55·64	55·64	63 72
Provident Funds, etc.	65·41	70·33	76·74	76·74	82·14
Depreciation and Reserve Funds	30·18	21·39	17·65	15·22	15·36
Provincial Balances (*b*)	10·21	6·09	4·32	7·02	4·42
Total Loans, etc.	470·37	478·51	529·39	508·46	494·41
Total Other Obligations	177·93	173·27	177·79	198·02	217·96
Total in India	648·30	651·78	707·18	706·48	712·37
In England:	(In millions of £.)				
Loans (*a*)	289·03	316·81	313·60	314·33	320·61
War Contribution	16·72	16·72	16·72	16·72	16·72
Capital value of liabilities undergoing redemption by way of terminable railway annuities	51·86	50·32	48·72	47·06	45·35
India Bills	6·00	4·05	—	—	—
Provident Funds, etc.	2·54	·69	·80	·91	1·02
Total in England	366·15	388·59	379·84	379·02	383·70
	(In crores of rupees.)				
Equivalent at 1*s.* 6*d.* to the Rupee	488·20	518·12	506·45	505·36	511·60
Total Interest-bearing obligations	11,36·50	11,69·90	12,13·63	12,11·84	12,23·97
Interest-yielding assets:					
(i) Capital advanced to Railways	730·79	743·98	750·73	756·75	757·20
(ii) Capital advanced to other Commercial Departments	22·70	23·65	24·25	21·89	22·55
(iii) Capital advanced to Provinces	142·60	151·82	163·64	173·04	176·72
(iv) Capital advanced to Indian States and other interest-bearing loans	17·65	19·45	20·29	20·92	21·20
Total Interest-yielding assets	913·74	938·90	958·91	972·60	977·67
Cash, bullion, and securities held on Treasury account	45·36	34·03	41·42	35·69	44·79
Balance of total interest-bearing obligations not covered by above assets	177·40	196·97	213·30	203·55	201·51

(*a*) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.
(*b*) The figures represent those portions of provincial balances which bear interest.

In addition to the cash, bullion and securities held on Treasury account, the Central Government held on 31st March, 1934, £40,000,000 in the Gold Standard Reserve.

VI.—GENERAL STATEMENT OF THE RECEIPTS AND DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND

The following table shows the opening balances, receipts, disbursements and closing balances, actual or estimated, of the Government of India in 1932–33, 1933–34, and 1934–35.

	Accounts, 1932–33.	Budget Estimate, 1933–34.	Revised Estimate, 1933–34.	Budget Estimate, 1934–35.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Opening Balance, India	12,69,10,744	11,73,19,744	14,58,99,614	13,43,92,614
Opening Balance, England	(*a*)21,15,32,561	(*a*)17,84,93,561	(*b*)13,19,33,230	(*b*) 7,10,26,230
Total Opening Balance	33,84,43,305	29,58,13,305	27,78,32,844	20,54,18,844
RECEIPTS—				
Revenue Surplus	1,55,19,192	24,61,000	—	10,15,000
Capital Contributions by Railway Companies and Indian States towards construction of State Railways	1,03,94,137	—	—	—
Permanent Debt (net incurred)	22,71,74,158	—	—	—
Floating Debt (net incurred)	—	—	—	—
Unfunded Debt (net incurred)	20,09,74,359	13,36,43,000	22,45,62,000	17,65,38,000
Deposits and Advances (net)	3,31,28,929	8,25,56,000	—	5,69,48,000
Railway Depreciations and Reserve Funds (net)	—	2,88,000	—	—
Remittances (net)	—	1,21,000	—	3,14,000
Balances of Provincial Governments (net)	2,59,81,485	—	—	—
Total Receipts	51,31,72,260	21,90,69,000	22,45,62,000	23,48,15,000
Total	85,16,15,565	51,48,82,305	50,23,94,844	44,02,33,844
DISBURSEMENTS—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Revenue Deficit	—	—	—	—
Capital Outlay on Security Printing Press	1,107	*—1,11,000*	*—1,11,000*	*—1,15,000*
Construction of State Railways	7,14,258	3,30,00,000	25,00,000	4,68,00,000
Discharge of Railway Debentures	24,23,173	—	20,23,000	—
Capital Outlay on Posts and Telegraphs	14,81,501	15,80,000	15,69,000	39,70,000
Construction of Irrigation Works	—	—	—	—
Capital Outlay on Vizagapatam Port	52,42,202	49,80,000	49,80,000	18,46,000
Payment of Commuted Value of Pensions	78,88,729	60,65,000	85,47,000	49,56,000
Initial Expenditure on new Capital at Delhi	—	—	10,00,000	67,67,000
Currency Capital Outlay	*—3,83,512*	*—78,000*	*—4,14,000*	*—85,000*
Payments to Retrenched Personnel	12,63,541	*—1,27,000*	2,90,000	*—3,36,000*
Permanent Debt (net discharged)	—	17,09,55,000	5,87,56,000	12,44,30,000
Floating Debt (net discharged)	45,12,65,000	8,00,00,000	13,82,20,000	—
Deposits and Advances (net)	—	—	3,40,21,000	—
Railway Depreciation and Reserve Funds (net)	2,80,33,024	—	27,11,000	35,22,000
Loans and Advances by Central Government (net advances)	6,91,63,252	3,71,72,000	3,96,65,000	7,48,95,000
Remittances (net)	66,90,446	—	19,000	—
Balances of Provincial Governments (net)	—	46,00,000	32,00,000	25,00,000
Total Disbursements	57,37,82,721	33,80,36,000	29,69,76,000	26,91,50,000
Closing Balance	27,78,32,844	17,68,46,305	20,54,18,844	17,10,83,844
Total	85,16,15,565	51,48,82,305	50,23,94,844	44,02,33,844
DISTRIBUTION OF CLOSING BALANCE—				
Closing Balance, India	14,58,99,614	11,12,30,744	13,43,92,614	10,39,61,614
Closing Balance, England	(*b*)13,19,33,230	(*a*) 6,56,15,561	(*b*) 7,10,26,230	(*b*) 6,71,22,230

(*a*) Of this amount, £29 represents the cash portion of the Gold Standard Reserve.
(*b*) Of this amount, £897 represents the cash portion of the Gold Standard Reserve.

VII.—HOME CHARGES.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1932–33.	Revised Estimate, 1933–34.	Budget, 1934–35.
	£	£	£
Direct demands on the Revenues :—			
Stores for India	258	1,425	525
Leave Allowances and Miscellaneous	33,205	44,025	36,750
Railway Revenue Account :—			
Interest and management of debt	9,616,517	9,593,625	9,564,075
Government share of Surplus profits	*5,285*	*7,650*	*6,600*
Leave Allowances and Miscellaneous	464,296	434,850	415,350
Irrigation Revenue Account :—			
Leave Allowances	1,157	975	1,350
Posts and Telegraphs :—			
Indian Postal and Telegraph Department :			
Leave Allowances and Miscellaneous	88,338	65,025	65,100
Debt Services :—			
Interest on Ordinary Debt (less interest realised from investment of Cash Balance)	5,691,603	5,583,600	5,443,425
Interest, Discount, etc., on Gold Standard Reserve credited to Revenue	*477,736*	*291,000*	*450,000*
Liability assumed in respect of British War Loan : Interest	418,025	—	432,900
Management of Debt	269,732	438,225	90,975
Interest on Other Obligations	41,502	43,725	49,350
Civil Administration :—			
Home Administration :—			
India Office : Salaries and Contingencies	210,374	212,850	219,750
High Commissioner's Office : Salaries and Contingencies	193,314	196,650	201,150
Audit Office : Salaries	16,240	15,450	15,450
Contribution by His Majesty's Treasury in respect of the Administrative Expenses of India Office	*103,764*	*104,325*	*104,550*
Payments on account of Departments in India :—			
Stores for India	15,953	15,375	18,075
Leave Allowances and Miscellaneous	347,366	333,525	347,850
Currency and Mint :—			
Stores for India	2,288	2,625	4,575
Leave Allowances and Miscellaneous	3,871	4,350	4,200
Interest on Paper Currency Reserve Investments	—	—	*119,700*
Civil Works :—			
Leave Allowances and Miscellaneous	10,307	11,250	8,550
Miscellaneous :—			
Territorial and Political Pensions	7,972	8,025	8,025
Civil Superannuation Allowances and Pensions (including Home establishment Pensions)	1,336,394	1,329,375	1,313,175
Contribution to the Secretariat of the League of Nations	97,866	103,800	111,825
Other Miscellaneous Charges	32,558	27,975	7,650
Stationery and Printing :—			
Stores for India	18,564	13,350	16,275
Expenditure at the India Office and the High Commissioner's Office, Leave Allowances, etc.	11,118	9,000	12,375
Defence Services (Army, Marine and Air Force) :—			
Home Charges of British Forces serving in India	1,547,000	*49,950*	*49,950*
Sea Transport Charges (less receipt of £130,000 from the War Office)	402,853	489,800	467,400
Unemployment Insurance	75,888	98,325	137,100
National Health Insurance	39,264	39,600	39,900
Aden Contribution	109,959	117,000	150,000
Contributions under Contributory Pensions Act, 1925	117,793	118,725	119,550
Contribution to the expenses of His Majesty's Ships in Indian Seas	100,946	100,800	100,800
Furlough Pay and Miscellaneous	952,044	934,425	992,625
Stores	683,738	636,900	877,500
Marriage Allowances and Allotments	342,608	356,400	360,600
Retired Pay of British Forces for Service in India	1,220,532	1,235,850	1,182,900
Retired Pay : Indian Services	1,534,638	1,753,425	1,768,950
Family and Miscellaneous (including Military Funds) Pensions	743,268	722,025	715,200
Extraordinary Receipts and Payments	31,046	*218,700*	6,600
Total	26,243,610	24,420,225	24,577,050
Expenditure by Secretary of State	23,068,023	21,319,950	21,245,325
„ „ High Commissioner	3,175,587	3,100,275	3,331,725
Total	26,243,610	24,420,225	24,577,050

Expenditure in England not charged on the Revenue of the year:—

Expenditure.	Accounts, 1932-33.	Revised Estimate, 1933-34.	Budget. 1934-35.
	£	£	£
Capital outlay on State Railways	160,755	902,025	1,290,000
New Capital at Delhi	—	75	—
Posts and Telegraphs	—	150	—
Vizagapatam Port..	21,788	9,750	5,625
Lighthouses and Lightships	6	150	75
Expenditure by Secretary of State	96,447	831,150	1,220,850
„ „ High Commissioner	86,102	81,000	74,850
Total	182,549	912,150	1,295,700

VIII.—GOLD STANDARD RESERVE

The Gold Standard Reserve has been built up out of the profit from the coinage of rupees. The principal objects for which it is maintained are (1) to provide funds from which the Secretary of State can finance his requirements at times when remittance of funds from India through the usual market channels cannot conveniently be arranged, and (2) to furnish resources against which sterling drafts may, if necessity arises, be sold by the Government of India to remitters in India.

The Reserve has been maintained at £40,000,000, any assets in excess of this amount, on the basis of current market prices or below, being appropriated to revenue, subject to credits to an Equalisation Fund (instituted with effect from 1929–30) which was designed to mitigate the effect on the budgetary position of fluctuations in the value of the securities in the Reserve. There has been no amount at the credit of the fund since 1931–32.

The earlier history of the Reserve is described in the Explanatory Memorandum for 1922–23 [Command Paper 1766 of 1922], and the operation of the Revenue Equalisation Fund is described in the issue for 1931–32 [Command Paper 3969 of 1931].

Statistics regarding the Gold Standard Reserve

The total receipts from profit on coinage, interest and discount, and profit by exchange up to 31st March, 1934, were as follows:—

	£
Profits on Coinage from 1900–01 ..	28,573,606
Interest and discount	32,031,646
Profit by exchange	194,917
	60,800,169

Of the above sum, £1,123,655 has been used for capital expenditure on railways, £2,866,217 has been transferred to the Paper Currency Reserve in reduction of created Rupee securities, £14,961,210 has been transferred to Revenue, and the remainder has been credited to the Gold Standard Reserve. The following tables give a summary of the transactions to 31st March, 1934, and the composition of the Reserve on that date :—

Summary of Transactions.

	£	£
Profits on Coinage paid to Gold Standard Reserve—		
Total Profits realized since 1st April, 1900 ..	28,573,606	
Deduct amount used for Capital Expenditure on Railways	*1,123,655*	
		27,449,951
Interest and discount received up to 31st March, 1934	32,031,646	
Profit by exchange	194,917	
Profit through appreciation	131,912	
		32,358,475
Profits and Interest paid to Reserve from 1st April, 1900, to 31st March, 1934		59,808,426
Deduct—		
Loss on Sale, Redemption, and Conversion of Securities	*1,960,425*	
Transferred to Paper Currency Reserve in reduction of created securities	*2,866,217*	
Transferred to Revenue	*14,961,210*	
Miscellaneous Charges	*20,574*	
		19,808,426
Amount of Gold Standard Reserve on 31st March, 1934		£40,000,000

State of Reserve, 31st March, 1934.

	£
Sterling Securities held in England (value at, or below, minimum market price)—	
Treasury Bills..	11,523,431
Other Securities (Treasury Bonds and Conversion Loans)	26,323,667
	37,847,098
Gold held on deposit at Bank of England (valued at par) ..	2,152,334
Cash held in England	568
	£40,000,000

IX.—EXCHANGE AND REMITTANCE

The sales in London by the Secretary of State of Bills and Transfers on India, the purchases of sterling in India by the

Government of India and the sterling taken over in London during the last ten years, have been as follows :—

Year.	Sale of Bills and Transfers on India by the Secretary of State.	Purchases of Sterling by the Government of India.	Sterling taken over in London.	Total.	Average Rate of Exchange per Rupee.
	£	£	£	£	s. d.
1924–25	7,579,162	33,191,000	700,000	41,470,162	1 5·661
1925–26	—	46,316,500	—	46,316,500	1 6·152
1926–27	—	2,115,000	—	2,115,000	1 6·019
1927–28	—	28,325,000	—	28,325,000	1 5·997
1928–29	—	30,810,000	—	30,810,000	1 6·026
1929–30	—	15,215,000	—	15,215,000	1 5·908
1930–31	—	5,395,000	—	5,395,000	1 5·841
1931–32	—	40,049,000	300,000	40,349,000	1 6·123
1932–33	—	35,733,000	1,212,998	36,945,998	1 6·154
1933–34	—	45,158,000	60,317	45,218,312	1 6·071

The sales by the Government of India of immediate telegraphic transfers on London during the last ten years have been as follows :—

1924–25 and 1925–26 .. *Nil.*
1926–27 .. £1,425,000 at the rate of 1s. $5\frac{3}{4}$d.
1927–28 to 1929–30 .. *Nil.*
1930–31 .. £5,733,626 at the rate of 1s. $5\frac{49}{64}$d.
1931–32 .. £14,047,804 at the rate of 1s. $5\frac{49}{64}$d.
1932–33 and 1933–34 .. *Nil.*

X.—SEA-BORNE TRADE

The figures of Exports from, and Imports into, India of Merchandise and Treasure during 1931–32, 1932–33 and 1933–34 are summarised below. Further particulars are given in the published statements of the Sea-Borne Trade of British India.

Summary of Sea-borne Trade

——	1931–32.	1932–33.	1933–34.
On Private Account.			
	Rs.	Rs.	Rs.
Exports of Merchandise ..	1,60,54,72,354	1,35,62,50,683	1,49,73,48,562
Imports of Merchandise ..	*1,26,37,14,115*	*1,32,58,43,175*	*1,15,38,26,026*
Net Exports of Merchandise	34,17,58,239	3,04,07,508	34,35,22,536
Net Exports of Gold	57,98,29,791	65,52,27,956	57,05,35,961
Net Imports of Silver	*2,59,30,299*	*72,84,602*	*1,36,593*
Net Exports of Currency Notes	25,74,661	13,43,433	19,41,306
Net Exports of Treasure ..	55,64,74,153	64,92,86,787	57,23,40,674
Net Exports of Merchandise and Treasure on Private Account	89,82,32,392	67,96,94,295	91,58,62,210

Summary of Sea-borne Trade—continued.

——	1931–32.	1932–33.	1933–34.
Government Transactions.	Rs.	Rs.	Rs.
Imports of Merchandise ..	*4,27,14,391*	*2,43,32,879*	*1,94,75,278*
Exports of Merchandise ..	65,49,971	44,19,699	50,31,742
Net Imports of Merchandise	*3,61,64,420*	*1,99,13,180*	*1,44,43,536*
Net Exports of Gold	—	—	—
Net Exports of Silver ..	3,01,47,387	2,74,15,553	6,37,08,049
Net Exports *or Imports* of Currency Notes	*17,100*	—	—
Net Exports of Treasure ..	3,01,30,287	2,74,15,553	6,37,08,049

India Office,
4th September, 1934.

SAMUEL HOARE.

Printed under the authority of His Majesty's Stationery Office
By Eyre and Spottiswoode Limited, East Harding Street, E.C. 4,
Printers to the King's most Excellent Majesty.

x (375)9544 Wt 1491—1216 625 9/34 (Item 45)

FINANCE DEPARTMENT
File No.
12 NOV 1935
Secl. I No.

EAST INDIA
ACCOUNTS AND ESTIMATES

1935-1936

EXPLANATORY MEMORANDUM

By the Under Secretary of State for India

Presented by the Secretary of State for India to Parliament by Command of His Majesty
October, 1935.

LONDON
PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE
To be purchased directly from H.M. STATIONERY OFFICE at the following addresses:
Adastral House, Kingsway, London, W.C.2; 120 George Street, Edinburgh 2;
York Street, Manchester 1; 1 St. Andrew's Crescent, Cardiff;
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Cmd. 5000.

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MEMORANDUM

BY THE

UNDER SECRETARY OF STATE FOR INDIA

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA (Central Government) for 1933–34 and the ESTIMATES for 1934–35 and 1935–36

I.—INTRODUCTION

Separation of Central and Provincial Finances

The chief Provincial Governments in India have assigned to them specific revenues of their own, and are responsible for the discharge of those functions of Government which have been classified as "provincial subjects."

The finances of the Central Government and of the several Provincial Governments are thus kept separate and distinct from each other.

The annual volumes of the "Finance and Revenue Accounts of the Government of India," commencing with that for 1921–22, exhibit separately the revenue and expenditure of the Central Government and of each of the Provincial Governments. The Central Government and each Provincial Government issues annually its own budget estimate for the forthcoming year and, in most cases, a revised estimate for the closing year. **This Memorandum, however, deals with the Accounts and Estimates of the Central Government only, except where otherwise stated.**

Separation of Railway Finance from General Finance

In accordance with a Resolution passed in the Legislative Assembly in September, 1924, Railway Finance has been separated from the general finances of Government with effect from the year 1924–25. Notes on the Railway Budget will be found on pages 12 to 14.

Rates of Exchange

The sterling amounts under Revenue and Capital heads in the Annual Accounts are converted into rupees at the average of the daily rates for telegraphic transfers in Calcutta on London in each year; the rate applied in 1933–34 being Rs. 13·31853 per £. In the Budgets for 1934–35 and 1935–36, a conversion rate of 1s. 6d. per rupee is assumed, and in the Revised Estimate for 1934–35 a rate of 1*s.* $6\frac{1}{32}$*d.* per rupee.

The sterling amounts under Debt and Remittance heads are converted into rupees at Rs. $13\frac{1}{3}$ per £ (1s. 6d. per rupee).

II.—REVENUE, AND EXPENDITURE CHARGED TO REVENUE.

Gross Revenue and Expenditure

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are shown in Table A on pages 6 and 7.

All receipts on revenue account are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to Indian States and certain railway companies, are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure

The figures of Gross Revenue given in Table A, although showing the net receipts of railways and other commercial undertakings, make no deduction on account of interest charges; the total receipts under tax revenue do not eliminate the cost of collection; and the receipts from opium sales take no account of the cost of cultivation and manufacture. Customs revenue includes the portion of the Customs and Excise duties on motor spirit payable to the Road Development Fund for expenditure by Provincial Governments, etc. On the expenditure side, Defence expenditure is shown gross, the Defence receipts being included under revenue, and the appropriation to the Road Development Fund is included under Civil Works.

To present a picture of the revenue available for administrative purposes and the expenditure on such purposes, an analytical table of the *Net Revenue and Expenditure of the Central Government* is given in Table B on pages 8 and 9.

A.—Gross Revenue and Expenditure charged

Revenue	Accounts, 1933-34.	Budget Estimate, 1934-35	Revised Estimate, 1934-35.	Budget Estimate, 1935-36.
	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—				
Customs	47,16,41,385	47,76,00,000	51,17,00,000	51,84,00,000
Taxes on Income	17,12,85,181	17,25,00,000	17,25,00,000	16,40,00,000
Salt	8,85,64,579	8,73,00,000	8,55,00,000	8,73,00,000
Opium	1,58,96,779	95,07,000	71,46,000	61,16,000
Other Heads	1,80,44,729	1,81,81,000	1,90,16,000	1,91,05,000
Total Principal Heads ..	76,54,32,653	76,50,88,000	79,58,62,000	79,49,21,000
Railways: Net Receipts	33,03,87,228	32,58,27,000	32,37,83,000	32,25,45,000
Irrigation: Net Receipts	6,799	3,000	15,000	14,000
Posts and Telegraphs: Net Receipts	32,44,499	69,78,000	97,69,000	70,52,000
Interest Receipts	1,62,82,626	1,86,25,000	2,11,85,000	82,56,000
Civil Administration	76,21,910	78,28,000	81,26,000	92,75,000
Currency and Mint..	1,33,41,216	1,27,02,000	1,29,18,000	1,07,01,000
Civil Works	26,93,048	23,86,000	23,88,000	23,30,000
Miscellaneous	78,95,428	56,37,000	74,16,000	56,63,000
Defence Receipts	5,32,61,929	5,20,47,000	5,23,32,000	4,92,77,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments	—	—	—	—
Extraordinary Items	35,63,550	—	2,000	—
Total Revenue	1,20,37,30,886	1,19,71,21,000	1,23,37,96,000	1,21,00,34,000

TO REVENUE OF THE CENTRAL GOVERNMENT

EXPENDITURE.	Accounts, 1933-34.	Budget Estimate, 1934-35.	Revised Estimate, 1934-35.	Budget Estimate, 1935-36.
	Rs.	Rs.	Rs.	Rs.
Direct Demands on the Revenue ..	4,21,56,206	4,00,79,000	4,04,90,000	4,19,58,000
Forest and other Capital Outlay charged to Revenue	88,887	1,46,000	1,14,000	49,000
Railways: Interest and Miscellaneous Charges	33,03,87,228	32,58,27,000	32,37,83,000	32,25,45,000
Irrigation	4,05,423	5,95,000	5,92,000	5,57,000
Posts and Telegraphs	89,11,568	88,32,000	87,45,000	86,46,000
Debt Services	12,28,56,924	13,33,55,000	13,28,43,000	13,39,13,000
Civil Administration	9,53,62,049	9,58,62,000	11,10,60,000	10,17,13,000
Currency and Mint	59,30,917	66,39,000	74,04,000	32,56,000
Civil Works	1,98,23,459	2,01,96,000	2,46,18,000	2,25,32,000
Miscellaneous	4,21,26,524	4,31,74,000	4,36,99,000	4,45,76,000
Defence Services	49,75,08,929	49,58,47,000	49,57,58,000	49,90,77,000
Miscellaneous adjustments between the Central and Provincial Governments	1,00,00,000	2,52,44,000	2,94,90,000	3,04,94,000
Extraordinary Items	2,81,72,772	3,10,000	1,16,00,000	1,36,000
Total Expenditure Charged to Revenue	1,20,37,30,886	1,19,61,06,000	1,23,01,96,000	1,20,94,52,000
Surplus	—	10,15,000	36,00,000	5,82,000
Total	1,20,37,30,886	1,19,71,21,000	1,23,37,96,000	1,21,00,34,000

B.—Net Revenue and Expenditure of the Central Government

Net Revenue

	Accounts, 1933–34.		Budget Estimate, 1934–35.		Revised Estimate, 1934–35.		Budget Estimate, 1935–36.	
I. *Tax Revenue* :—	Rs. lakhs.		Rs. lakhs.		Rs. lakhs.		Rs. lakhs.	
Customs	45,09·33		45,57·42		48,84·90		49,38·06	
Taxes on Income	16,30·36		16,39·97		16,39·55		15,48·43	
Salt	7,70·92		7,57·92		7,39·25		7,55·12	
Other Heads	55·00		57·12		64·73		64·70	
		69,65·61		70,12·43		73,28·43		73,06·31
II. *Opium*		88·15		52·79		35·42		25·35
III. *Commercial Departments* :—								
Railways	—		—		—		—	
Irrigation	*—3·75*		*—5·71*		*—5·56*		*—5·24*	
Posts and Telegraphs	*—51·94*		*—14·47*		13·81		*—13·01*	
		—55·69		*—20·18*		8·25		*—18·25*
IV. *Currency and Mint*		74·10		60·63		55·14		74·45
V. *Interest Receipts*		162·83		1,86·25		211·85		82·56
VI. *Extraordinary Receipts*		35·63		—		·02		—
VII. *Other Revenue* :—								
Civil Administration	76·22		78·28		81·26		92·75	
Payments from Indian States ..	74·85		73·73		73·66		73·60	
Other Heads	121·13		95·27		110·01		90·68	
		272·20		2,47·28		264·93		257·03
Total Net Revenue		75,42·83		75,39·20		79,04·04		77,27·45

Net Expenditure

	Accounts, 1933–34.		Budget Estimate, 1934–35.		Revised Estimate, 1934–35.		Budget Estimate, 1935–36.	
	Rs. lakhs.		Rs. lakhs.		Rs. lakhs.		Rs. lakhs.	
I. *Debt Services* :—								
Interest	9,28·57		10,33·55		10,28·43		10,39·13	
Reduction or Avoidance of Debt	3,00·00		3,00·00		3,00·00		3,00·00	
		12,28·57		13,33·55		13,28·43		13,39·13
II. *Defence Services* :—								
Effective	35,55·20		36,68·52		35,80·71		37,30·42	
Non-effective	8,17·56		8,19·23		8,18·57		8,24·20	
Transfers to *or from* Defence Reserve Fund	69·71		*—49·75*		34·98		*—56·62*	
		44,42·47		44,38·00		44,34·26		44,98·00
III. *Net Capital Outlay on Commercial Departments charged to Revenue* :—								
Posts and Telegraphs and Irrigation		4·96		4·28		3·78		3·12
IV. *Miscellaneous Adjustments between Central and Provincial Governments*		1,00·00		2,52·44		2,94·90		3,04·94
V. *Extraordinary Payments*		2,81·73		3·10		1,16·00		1·36
VI. *Other Expenditure* :—								
Civil Administration	9,53·62		9,58·62		11,10·60		10,17·13	
Other Heads	5,31·48		5,39·06		5,80·07		5,57·95	
		14,85·10		14,97·68		16,90·67		15,75·08
Total Net Expenditure		75,42·83		75,29·05		78,68·04		77,21·63
Surplus (+) or Deficit (—)		—		+10·15		+36·00		+5·82

ACCOUNTS, 1933–34.

The Revised Estimates for 1933–34 envisaged the transfer of an anticipated surplus of Rs. 129 lakhs to the fund for reconstruction due to earthquake damage. The Revenue accounts show improvements under several heads and the actual surplus was Rs. 272 lakhs. The whole of this surplus was transferred in the accounts of 1933–34 to the fund for reconstruction due to earthquake damage but it has now been decided to utilise Rs. 62 lakhs of this for debt redemption, the balance of Rs. 210 lakhs being retained in the fund.

REVISED ESTIMATES, 1934–35.

The Revised Estimate compares with the Budget Estimate for 1934–35 as follows :—

	Budget Estimate. *Rs. lakhs.*	Revised Estimate. *Rs. lakhs.*
Revenue	119,71	123,38
Expenditure	119,61	120,11
Surplus	10	3,27

The Revised Estimate shows a net improvement of Rs. 317 lakhs over the Budget Estimate, after taking into account an increase in Customs Revenue of Rs. 341 lakhs and an increase in the subventions to jute growing Provinces from the jute export duty of Rs. 43 lakhs to Rs. 169 lakhs.

The following reductions were made by the Legislative Assembly in the Supplementary Demands for Grants, 1934–35, presented to them, viz. :

	Rs.
Customs	11,01,000
Transfer to the Fund for the transfer of the Agricultural Research Institute from Pusa to Delhi	36,00,000

The Governor-General in Council has, under Section 67A (7) of the Government of India Act, declared that the supplementary demand under " Customs " is essential to the discharge of his responsibilities; and, in accordance with the intentions of the Legislative Assembly, he has decided to debit to Capital the cost of the removal of the Agricultural Research Institute from Pusa to Delhi.

From the surplus of Rs. 327 lakhs mentioned above, the following provisions have been made, namely :—

	Rs. lakhs.
Special contribution to the Road Development Fund	40

	Rs. lakhs.
Grants to Provinces for economic development and improvement of rural areas	113
Development in tribal areas on the North West Frontier	25
Development of Broadcasting	20
Development of Civil Aviation	93

The remainder of the surplus, amounting to Rs. 36 lakhs, will go towards debt redemption.

BUDGET, 1935–36.

After making allowance for the discontinuance of the 5 per cent. cut in pay, it was estimated that the Revenue account in 1935–36 will show a surplus of Rs. 150 lakhs: of this amount, approximately Rs. 144 lakhs will be utilised to reduce taxation, the final budget estimate showing a nominal surplus of Rs. 5·82 lakhs.

The following reductions were made by the Legislative Assembly in the demands for grants for 1935–36 presented to them, viz. :—

Railways.	*Rs.*
Railway Board	8,24,999
Miscellaneous expenditure	10
Repairs and maintenance of Structural works	100
Expenses of Traffic Department.. ..	300
Civil	
Salt..	100
Home Department	100
Army Department	4,30,999
Baluchistan	100

Of these reductions the Governor-General in Council has, under Section 67A (7) of the Government of India Act, restored the demands under "Railway Board" and "Army Department" as being essential to the discharge of his responsibilities.

The following reductions in taxation were made, viz. :—

Income-tax and Super-tax: A reduction in the rate of tax on incomes of Rs. 1,000 or upwards but less than Rs. 1,500 from 2 pies to 1⅓ pies in the rupee; and on incomes of Rs. 1,500 or upwards but less than Rs. 2,000 from 4 pies to 2⅔ pies in the rupee. Also a reduction was made in the surcharges on income-tax and super-tax from one-fourth to one-sixth. Estimated cost Rs. 136 lakhs.

Export duty on raw skins: Abolition of the duty, estimated to cost Rs. 8 lakhs.

Import and export duties on silver: Reduction from 5 to 2 annas an ounce. No change in yield estimated.

The Indian Finance Act, 1935, which effected the reductions in taxation and continued the existing rates of Salt duty and Inland postage, was, after being recommended by the Governor-General, not passed by the Legislative Assembly. It was, however, passed by the Council of State and was made an Act, on the 22nd April, 1935, by the Governor-General under the provisions of Section 67B of the Government of India Act (*vide* Parliamentary Paper H.C. 113 of 1934–35). Pending the coming into operation of the Indian Finance Act, 1935, two Ordinances were promulgated on 30th March and 1st April, respectively, to continue the existing inland postage rates and to fix the rates of income-tax and super-tax from 1st April, 1935, until the passing of the Finance Bill. A Notification was also issued on the 30th March continuing the existing rate of salt duty. The additional import duty on foreign salt was also continued for another year by an Act, which received the assent of the Governor-General on the 21st April, 1935.

III.—RAILWAYS

In accordance with the resolution passed by the Legislative Assembly in September, 1924, railway finance was separated from the general finances of the Government of India with effect from 1924–25. After deducting all working expenses, including interest charges of commercial lines, the railways have to make a contribution to general revenues equal to 1 per cent. on the capital at charge of the commercial lines (excluding Capital contributed by Companies and Indian States) in the penultimate year *plus* one-fifth of surplus profits in such penultimate year and one-third of the amount remaining available for transfer to Railway reserves in excess of Rs. 3 crores, but from the amount of these contributions are deducted the interest on capital and loss in working of strategic lines.

The contribution to general revenues during the six years 1924–25 to 1929–30 totalled Rs. 36 crores. The contribution for 1930–31—some Rs. 6 crores—was found from the Railway reserves, but in consequence of the serious fall in Railway earnings due to the general economic depression, a contribution has not been found practicable since. At the end of 1935–36 the total contributions to general revenues remaining unpaid during the five years commencing with 1931–32 will amount to about Rs. 26 crores.

In comparing the figures of Railway Revenue and Expenditure for 1934–35 and 1935–36 with those for previous years, account must be taken of a decision to include in the estimates and accounts, from 1934–35 onwards, the receipts and expenditure of lines belonging to private Companies or Indian States, but worked by the Main Line Administrations for a percentage of the gross earnings. The practice formerly followed was to deduct the receipts and expenditure of these lines from the total receipts and expenditure of the system by which they were administered. The

Railway Revenue and Expenditure figures for 1933–34 to 1935–36 are given in the following table.

	Accounts, 1933-34.	Budget Estimate, 1934-35.	Revised Estimate, 1934-35.	Budget Estimate, 1935-36.
REVENUE.				
State Railways—	Rs.	Rs.	Rs.	Rs.
(1) Commercial Lines :—				
Gross Receipts	86,55,28,052	94,20,00,000	95,77,10,000	98,57,10,000
Deduct—				
Working Expenses	*61,20,62,688*	*63,95,50,000*	*64,66,00,000*	*65,12,00,000*
Surplus Profits paid to Indian States and Railway Companies	*56,65,149*	*56,00,000*	*61,25,000*	*56,00,000*
Payments to worked lines ..	—	*2,77,90,000*	*2,82,60,000*	*2,87,30,000*
Net Receipts..	24,78,00,215	26,90,60,000	27,67,25,000	30,01,80,000
(2) Strategic Lines :—				
Gross Receipts	1,26,32,905	1,30,15,000	1,33,00,000	1,38,00,000
Deduct :—				
Working Expenses and Refunds of Revenue ..	*1,85,15,932*	*1,94,65,000*	*1,87,10,000*	*2,06,10,000*
Net Receipts	*—58,83,027*	*—64,50,000*	*—54,10,000*	*—68,10,000*
Total Net Receipts—Commercial and Strategic Lines..	24,19,17,188	26,26,10,000	27,13,15,000	29,33,70,000
Subsidized Companies: Government Share of Surplus Profits	18,28,017	21,50,000	23,00,000	21,00,000
Interest on Depreciation and Reserve Funds	48,81,339	60,75,000	43,71,000	48,59,000
Other Receipts	21,27,359	19,70,000	34,21,000	32,66,000
Transferred from Railway Reserve Fund	—	—	—	—
Loan from Railway Depreciation Fund	7,96,33,325	5,30,22,000	4,23,76,000	1,89,50,000
Total Revenue	33,03,87,228	32,58,27,000	32,37,83,000	32,25,45,000
EXPENDITURE.				
Interest Charges :—				
(1) Commercial Lines	31,13,81,785	30,64,40,000	30,43,69,000	30,29,75,000
(2) Strategic Lines	1,44,15,552	1,40,77,000	1,40,54,000	1,38,85,000
Total Interest Charges ..	32,57,97,337	32,05,17,000	31,84,23,000	31,68,60,000
Other Expenditure	45,89,891	53,10,000	53,60,000	56,85,000
Total Expenditure	33,03,87,228	32,58,27,000	32,37,83,000	32,25,45,000

The losses on commercial lines—after making provision for full accrued depreciation—are: 1933–34, Accounts, Rs. 6,01 lakhs; and 1934–35, Revised Estimate, Rs. 2,39 lakhs; while for 1935–36 it is estimated that a small surplus of Rs. 7 lakhs will be realised.

Since 1932–33, there has been no free balance in the Reserve Fund, and the Railway Accounts and Estimates have been balanced by loans from the Railway Depreciation Fund, amounting for the four years 1931–32 to 1934–35 to Rs. 26,68 lakhs.

The results anticipated for 1934–35 have been more than realised and it is estimated that the gross traffic receipts will exceed the Budget estimate by about Rs. 1¾ crores. The improvement has, however, been under goods receipts, passenger receipts having again shown a decline. Part of this decline is ascribed to the recent experimental reduction in third-class fares on some of the railways. During the twelve months following the revision of fares on the North Western Railway, referred to in last year's memorandum, there was an increase of nearly six million in the number of passengers carried, but a decrease of Rs. 4 lakhs in earnings. The figures are now being analysed by zones to ascertain whether the reduction in fares can be

considered as justified by results, and what, if any, modifications are necessary.

The Budget Estimate for 1935–36, which is based on the assumption that the steady improvement of receipts from goods traffic maintained throughout 1934–35 will continue, assumes a further increase in gross traffic receipts of Rs. 2¾ crores and a reduction of about Rs. ½ crore in the contribution towards depreciation. Interest charges remain practically unchanged, but with an increase in working expenses of nearly Rs. 1 crore, on account of the discontinuance of the cut in pay, it is estimated that the year's working will result in an improvement on that of 1934–35 by about Rs. 2¼ crores. In view of the small surplus anticipated in 1935–36 the Railway Authorities have felt justified in making, with effect from 1st April, 1935, certain small reductions in the surcharge on coal freights.

With effect from 1935–36, it has been decided, in order to simplify calculation, that the amount to be set aside annually to cover depreciation of Railway assets shall be $\frac{1}{60}$ th of the total capital at charge at the end of the previous year. This fraction is the nearest simple fraction calculated to give results approximately equal to the results of the previous complicated procedure. The Railway Depreciation Fund is estimated to have a closing balance on 31st March, 1936, of Rs. 12·88 crores.

Particulars of the capital expenditure on Railways are given in chapter V (*vide* page 18).

IV.—TAXATION PER HEAD IN BRITISH INDIA

Total Tax Revenue.	Accounts, 1933–34.	Budget Estimate, 1934–35.	Budget Estimate, 1935–36.
	Lakhs of Rs.	*Lakhs of Rs.*	*Lakhs of Rs.*
Customs	46,85·59	47,45·36	51,53·35
Taxes on Income	17,15·89	17,28·30	16,44·85
Salt	8,51·25	8,41·85	8,36·73
Excise	14,74·32	14,72·43	14,79·70
Stamps	12,24·43	12,39·98	12,33·80
Registration	1,12·66	1,14·83	1,19·24
Scheduled Taxes	40·66	42·17	42·42
Total (excluding Land Revenue) ..	1,01,04·80	1,01,84·92	1,05,10·09
Land Revenue..	29,74·29	31,66·54	30,52·09
Total (including Land Revenue) ..	1,30,79·09	1,33,51·46	1,35,62·18
The *taxation per head*, on the assumption that the whole is paid by the inhabitants of British India, is :—	*Rs.*	*Rs.*	*Rs.*
(i) exclusive of Land Revenue..	3·61	3·61	3·69
(ii) inclusive of Land Revenue..	4·68	4·73	4·76

The above figures include both Central and Provincial revenue.

For the purpose of calculating the taxation per head, the population of British India has been estimated at 279,540,000 in 1934, 282,232,000 in 1935, and 284,952,000 in 1936.

V.—PUBLIC DEBT AND CAPITAL EXPENDITURE

Debt Transactions, 1934–35

The sale of Indian Treasury Bills in the form of 3 months' maturities was continued, with a temporary suspension from 5th June to 17th July, up to 5th March, 1935, when sales were again discontinued. The amount outstanding with the public on 31st March, 1934, was Rs. 33·31 crores, and on 31st March, 1935, Rs. 18·27 crores. In addition, Rs. 25·93 crores were held in the Paper Currency Reserve on 31st March, 1934, and Rs. 36·07 crores on 31st March, 1935.

On 15th May, 1934, notice was given of repayment on 16th August, 1934, of the 4 per cent. Rupee Loan, 1934–37.

On 5th June, 1934, a further issue of 3½ per cent. Rupee Loan, 1947–50, was opened to subscriptions in the form of cash, Indian Treasury Bills, 4 per cent. Loan, 1934–37, and 4½ per cent. Bonds, 1934. The price of issue was 98½ per cent. and the amount was subject to a limit of Rs. 32 crores. The loan closed on 20th June, 1934, and the subscriptions, totalling Rs. 25·13 crores, were as follows: cash, including Treasury Bills, Rs. 6·22 crores; 4½ per cent. Bonds, 1934, Rs. 4·72 crores; and 4 per cent. Loan, 1934–37, Rs. 14·19 crores.

On 10th and 11th September, 1934, Subscriptions (unlimited) in the form of cash and 4½ per cent. Rupee Bonds, 1934, were invited to an issue of 3 per cent. Rupee Bonds, repayable at par in 1941. The issue price was 99 per cent. The subscriptions in cash were Rs. 8·61 crores and in 4½ per cent. Bonds, 1934, Rs. 2·06 crores: total Rs. 10·67 crores.

On 23rd November, 1934, the Secretary of State gave notice of redemption at par on 1st June, 1935, of £3,500,000 East Indian Railway 4½ per cent. Debenture Stock, 1935–55.

No sterling loan was issued during the year. The Permanent Debt in India was increased in 1934–35 by approximately Rs. 2·8 crores, about Rs. 35·8 crores new debt having been raised and about Rs. 33·0 crores of debt having been discharged by repayment or conversion. The floating debt in India was reduced by Rs. 9·7 crores owing to a reduction of Rs. 11·3 crores in the amount of Treasury Bills held by the Public, partly set off by an increase of Rs. 1·6 crores in the holding of Treasury Bills in the Paper Currency Reserve.

Unfunded debt in India was estimated to be increased by Rs. 15·75 crores, including Savings Bank deposits, Rs. 13 crores (net), and Post Office Cash Certificates, Rs. 2¾ crores (net.)

Permanent Debt in England was increased by approximately £347,000 (net), resulting from the issue of £2·3 millions (nominal)* of Sterling Stock; the repayment of £1·8 millions of the capital portion of the Railway Annuities; and the redemption of £200,025 of debt by the operation of the State Railways Sinking Fund.

Debt Transactions, 1935–36

The Budget provided for expenditure charged to capital of Rs. 12·28 crores, including Rs. 5·5 crores on State Railways; Rs. 4·99 crores on Currency; Rs. 20 lakhs on Orissa and Sind; Rs. 55 lakhs on Posts and Telegraphs; Rs. 52½ lakhs on the new capital at Delhi; and Rs. 44 lakhs for payment of commuted value of pensions; for the discharge in India of Rs. 27·6 crores of Permanent Debt; and in England of :—

£1,831,800 for part capital redemption of the Railway annuities created in purchase of railways;

£11,952,450 for the discharge of India 6 per cent. Bonds, 1935–37;

£3,500,025 for the discharge of East Indian Railway 4½ per cent. Debenture Stock, 1935–55; and

£200,025 for the statutory sinking funds established in connection with the purchase of the East Indian, Eastern Bengal, and the Scinde Punjab and Delhi Railways.

The Budget also provided for an issue of a Rupee Loan of Rs. 25 crores.

Net receipts of Rs. 2¾ crores from sales of Post Office Cash Certificates, and of Rs. 15¼ crores from Savings Bank deposits in 1935–36 are assumed.

The sale of 3 months' Indian Treasury Bills was re-opened on 16th April and was continued weekly until 16th July. After the transfer on 1st April, 1935, of the assets in the Paper Currency Reserve to the Reserve Bank of India, all Treasury Bills will be shown under one head, and on the 1st July, 1935, the Bills outstanding amounted to Rs. 49·22 crores.

On 9th July, 1935, notice was given of the repayment at par on 15th October, 1935, of the balance outstanding of the £12,000,000 6 per cent. Bonds, 1935–37.

On 11th July, 1935, £10,000,000 India 3 per cent. stock, repayable at par in 1949–52, was issued in part replacement of the £12,000,000 6 per cent. Bonds, 1935–37, under notice of repayment. The issue price was £98 per cent. and the loan was oversubscribed.

On 5th August, 1935, a 3 per cent. Rupee Loan, repayable 1951–54, was opened to subscription in the form of cash, 5 per cent. Bonds 1935, or 6½ per cent. Bonds, 1935. The issue price was 96½ per cent. and the loan was to be closed as soon as the total subscriptions amounted approximately to Rs. 15 crores, cash subscriptions receiving, if necessary, only partial allotment.

* Part of £10 millions issued in Nov., 1933, but not taken into account until 1934–35.

The loan was closed on the morning of the opening day, the subscriptions being approximately as follows: cash, Rs. 16·53 crores; 5 per cent. Bonds, Rs. 8·37 crores; and 6½ per cent. Bonds, Rs. 4·63 crores; total Rs. 29·53 crores.

Public Debt Outstanding

The amount of the permanent and floating public debt of the Government of India (Central Government) outstanding is given in the following table. The figures include debt incurred on behalf of Provincial Governments, the debenture stocks of various railways taken over by the Secretary of State on the transfer of the lines, and the capital value of liabilities undergoing redemption by way of terminable railway annuities.

	In India‡	In England*
	Rs.	£
31st March, 1934	4,94,66,80,173	383,084,743
31st March, 1935	4,92,65,12,453	383,687,618
31st March, 1936 (Estimate)	4,76,54,01,453	376,203,318

‡ Excludes Post Office Cash Certificates.
* Includes liability for British Government 5 per cent. War Loan, 1929–47, taken over by India.

A statement of the interest-bearing obligations (including the public debt) of the Government of India is given on page 20.

Provision for Reduction or Avoidance of Debt

Prior to 1933–34 the provision for the reduction or avoidance of debt was made on the basis of a scheme settled in 1924, whereby the appropriation of revenue on this account was Rs. 4 crores *plus* a sum representing one-eightieth of the net amount of new debt contracted (up to the end of the previous year) since 31st March, 1923. The actual provision in 1924–25, the year before the scheme was applied, was Rs. 3·78 crores and in 1932–33 the amount had risen to Rs. 6·84 crores. Since 1924, however, the increase that has taken place in the total indebtedness of the Government of India has been more than counterbalanced by an increase in interest-yielding assets; and on 1st April, 1935, out of a total indebtedness of Rs. 1235 crores, the amount not represented by such assets was only Rs. 254 crores.

The automatic application of the 1924 formula would, if continued, prove particularly burdensome under present conditions, when the general revenues of Government are receiving no contribution, beyond the actual interest on the capital invested, from the principal productive asset, railways. It was, therefore, decided that, although the question of the permanent basis of the future provision for the reduction or avoidance of debt cannot yet be settled, in view of the strong position which has been built up by past efforts and the high

percentage of the debt which is invested in potentially profitable undertakings, it was fully justifiable to reduce the provision to Rs. 3 crores, which amount has been adopted in the accounts of 1933–34 and the Estimates of 1934–35 and 1935–36.

RAILWAYS

The capital expenditure on railways shown in the Accounts for 1933–34 and in the Estimates for 1934–35 and 1935–36, is as follows :—

———	Accounts, 1933–34.	Revised Estimate, 1934–35.	Budget, 1935–36.
	Rs.	*Rs.*	*Rs.*
Outlay on lines worked by the State and by guaranteed companies :—			
(1) From funds provided by the State ..	*—1,81,48,888*	1,89,93,000	5,50,00,000
(2) From funds raised through companies or provided from other sources ..	—	—	—
	*—1,81,48,888**	1,89,93,000*	5,50,00,000

* These figures have been arrived at after allowing for adjustment in respect of exchange.

In addition to the above figures, capital expenditure is incurred on branch lines from funds deposited by Branch line Companies or advanced by the Government.

The following table shows the capital outlay on all State lines up to the end of the year and the net return obtained :—

———	Accounts, 1933–34.	Revised Estimate, 1934–35.	Budget, 1935–36.
	Rs.	*Rs.*	*Rs.*
Capital at charge at end of each year (Central Government)	7,95,06,26,839	7,96,53,26,839	8,01,99,26,839
Working profit from railways excluding interest charges.. ..	24,61,64,012	27,60,47,000	29,79,10,000
Percentage of same to capital at charge ..	3·10%	3·47%	3·71%
Final working *loss* after meeting interest charges	*Rs. 7,96,33,325*	*Rs. 4,23,76,000*	*Rs. 1,89,50,000*
Percentage of same to capital at charge ..	*1·00%*	*0·53%*	*0·24%*

Other Capital Expenditure

Provision has also been made for the following items of expenditure of the Central Government charged outside the Revenue accounts :—

	Accounts, 1933–34.	Revised Estimate, 1934–35.	Budget, 1935–36.
	Rs.	*Rs.*	*Rs.*
Capital outlay on—			
Security Printing Press ..	*—9,01,165*	*—1,15,000*	*—1,04,000*
Posts and Telegraphs ..	5,38,292	34,50,000	55,07,000
Vizagapatam Port	51,01,505	15,00,000	12,50,000
Currency	*—4,14,277*	*— 49,000*	4,99,14,000
New Capital at Delhi ..	9,09,579	75,60,000	52,45,000
Civil Works	1,77,312	—	—
Orissa and Sind	—	—	20,00,000
Payment of Commuted Value of Pensions	82,99,286	54,18,000	43,93,000
Payments to Retrenched Personnel	2,94,343	*—1,11,000*	*—4,00,000*
Total	1,40,04,875	1,76,53,000	6,78,05,000

The figure for Currency Capital outlay in 1935–36 is net, after providing for the transfer to the Reserve Bank of India of 5 crores of Rupee Securities for its Reserve Fund under Section 46 of the Reserve Bank of India Act.

The Rs. 20 lakhs capital outlay connected with the institution of the Provinces of Orissa and Sind is for the purpose of construction of buildings for the capitals of the new Provinces.

The debits to the Capital head of account " Payments to retrenched personnel " are gratuity payments, and are to be written back to revenue by five equal annual instalments commencing in 1933–34.

Interest-bearing Obligations and Interest-yielding Assets

The following table exhibits the interest-bearing obligations of the Government of India and shows also the portion of Indian Debt incurred on behalf of Government Commercial undertakings and of the Provincial Governments.

Statement showing the interest-bearing obligations and certain interest-yielding assets of the Government of India, at the close of each financial year

	31st March, 1931.	31st March, 1932.	31st March, 1933.	31st March, 1934.	31st March, 1935. (Estimate.)
In India:	(In crores of rupees.)				
Loans (*a*)	417·24	422·69	446·89	435·43	438·28
Treasury Bills in the hands of the public	55·38	47·53	26·09	33·31	22·00
Treasury Bills in the Paper Currency Reserve	5·89	49·67	35·48	25·93	27·50
Ways and Means Advance	—	9·50	—	—	—
Other Obligations:—					
Post Office Savings Banks	37·03	38·20	43·40	52·23	59·33
Cash Certificates	38·43	44·58	55·64	63·71	66·49
Provident Funds, etc.	70·33	73·04	76·74	82·49	88·36
Depreciation and Reserve Funds	21·39	17·65	15·22	13·04	14·83
Provincial Balances (*b*)	6·09	4·32	7·02	6·17	5·59
Total Loans, etc.	478·51	529·39	508·46	494·67	487·78
Total Other Obligations	173·27	177·79	198·02	217·64	234·60
Total in India	651·78	707·18	706·48	712·31	722·38
In England:	(In millions of £.)				
Loans (*a*)	316·81	313·60	314·33	321·01	323·57
War Contribution	16·72	16·72	16·72	16·72	16·72
Capital value of liabilities undergoing redemption by way of terminable railway annuities	50·32	48·72	47·06	45·35	43·58
India Bills	4·05	—	—	—	—
Provident Funds, etc.	·69	·80	·91	1·03	1·15
Total in England	388·59	379·84	379·02	384·11	385·02
	(In crores of rupees.)				
Equivalent at 1*s.* 6*d.* to the Rupee	518·12	506·45	505·36	512·15	513·36
Total Interest-bearing obligations	11,69·90	12,13·63	12,11·84	12,24·46	12,35·74
Interest-yielding assets:					
(i) Capital advanced to Railways	743·98	750·73	756·75	754·94	756·84
(ii) Capital advanced to other Commercial Departments	23·65	24·25	21·89	23·23	23·71
(*iii*) Capital advanced to Provinces	151·82	163·64	173·04	175·20	179·22
(iv) Capital advanced to Indian States and other interest-bearing loans	19·45	20·29	20·92	21·11	21·26
Total Interest-yielding assets	938·90	958·91	972·60	974·48	981·03
Cash, bullion, and securities held on Treasury account	34·03	41·42	35·69	45·03	51·52
Balance of total interest-bearing obligations not covered by above assets	196·97	213·30	203·55	204·95	203·19

(*a*) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.
(*b*) The figures represent those portions of provincial balances which bear interest.

In addition to the cash, bullion and securities held on Treasury account, the Central Government held on 31st March, 1935, £40,000,000 in the Gold Standard Reserve.

VI.—GENERAL STATEMENT OF THE RECEIPTS AND DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND

The following table shows the opening balances, receipts, disbursements and closing balances, actual or estimated, of the Government of India in 1933–34, 1934–35, and 1935–36.

	Accounts, 1933–34.	Budget Estimate, 1934–35.	Revised Estimate, 1934–35.	Budget Estimate, 1935–36.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Opening Balance, India	14,58,99,614	13,43,92,614	11,88,97,891	13,10,06,891
Opening Balance, England	(a)13,19,33,230	(a) 7,10,26,230	(b)20,87,50,507	(b)14,17,95,507
Total Opening Balance	27,78,32,844	20,54,18,844	32,76,48,398	27,28,02,398
RECEIPTS—				
Revenue Surplus	—	10,15,000	36,00,000	5,82,000
Capital Contributions by Railway Companies and Indian States towards construction of State Railways	—	—	—	—
Permanent Debt (net incurred)	—	—	3,77,71,000	—
Floating Debt (net incurred)	—	—	—	—
Unfunded Debt (net incurred)	22,81,07,211	17,65,38,000	15,91,25,000	18,08,56,000
Deposits and Advances (net)	—	5,69,48,000	—	18,22,34,000
Railway Depreciation and Reserve Funds (net)	—	—	1,49,24,000	1,88,50,000
Remittances (net)	62,94,471	3,14,000	2,83,000	5,91,000
Balances of Provincial Governments (net)	25,23,349	—	—	—
Total Receipts	23,69,25,031	23,48,15,000	21,57,03,000	38,31,13,000
Total	51,47,57,875	44,02,33,844	54,33,51,398	65,59,15,398
DISBURSEMENTS—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Revenue Deficit	—	—	—	—
Capital Outlay on Security Printing Press	*—9,01,165*	*—1,15,000*	*—1,15,000*	*—1,04,000*
Construction of State Railways	*—2,05,44,729*	4,68,00,000	1,50,00,000	5,50,00,000
Discharge of Railway Debentures	23,95,841	—	39,93,000	—
Capital Outlay on Posts and Telegraphs	5,38,292	39,70,000	34,50,000	55,07,000
Capital Outlay on Vizagapatam Port	51,01,505	18,46,000	15,00,000	12,50,000
Payment of Commuted Value of Pensions	82,99,286	49,56,000	54,18,000	43,93,000
Initial Expenditure on new Capital at Delhi	9,09,579	67,67,000	75,60,000	52,45,000
Currency Capital Outlay	*—4,14,277*	*—85,000*	*—49,000*	4,99,14,000
Payments to Retrenched Personnel	2,94,343	*—3,36,000*	*—1,11,000*	*—4,00,000*
Civil Works	1,77,312	—	—	—
Outlay on Orissa and Sind	—	—	—	20,00,000
Permanent Debt (net discharged)	4,90,80,068	12,44,30,000	—	25,42,31,000
Floating Debt (net discharged)	2,33,50,000	—	9,73,70,000	3,50,00,000
Deposits and Advances (net)	7,08,28,521	—	9,40,79,000	—
Railway Depreciation and Reserve Funds (net)	2,56,38,761	35,22,000	—	—
Loans and Advances by Central Government (net advances)	2,23,56,140	7,48,95,000	3,84,54,000	10,23,68,000
Balances of Provincial Governments (net)	—	25,00,000	40,00,000	57,00,000
Total Disbursements	18,71,09,477	26,91,50,000	27,05,49,000	52,01,04,000
Closing Balance	32,76,48,398	17,10,83,844	27,28,02,398	13,58,11,398
Total	51,47,57,875	44,02,33,844	54,33,51,398	65,59,15,398
DISTRIBUTION OF CLOSING BALANCE—				
Closing Balance, India	11,88,97,891	10,39,61,614	13,10,06,891	12,61,34,891
Closing Balance, England	(b)20,87,50,507	(a) 6,71,22,230	(b)14,17,95,507	96,76,507

(a) Of this amount, £897 represents the cash portion of the Gold Standard Reserve.
(b) Of this amount, £568 represents the cash portion of the Gold Standard Reserve.

VII.—HOME CHARGES.

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1933-34.	Revised Estimate, 1934-35.	Budget, 1935-36.
	£	£	£
Direct demands on the Revenues :—			
Stores for India	1,322	600	750
Leave Allowances and Miscellaneous	41,719	38,700	38,550
Railway Revenue Account :—			
Interest and management of debt	9,587,232	9,366,675	9,274,350
Government share of Surplus profits	*7,655*	*9,675*	*9,450*
Leave Allowances and Miscellaneous	447,877	402,150	381,375
Irrigation Revenue Account :—			
Leave Allowances	124	525	525
Posts and Telegraphs :—			
Indian Postal and Telegraph Department : Leave Allowances and Miscellaneous	63,796	62,625	60,975
Debt Services :—			
Interest on Ordinary Debt (less interest realised from investment of Cash Balance)	5,584,395	5,607,300	5,482,575
Interest, Discount, etc., on Gold Standard Reserve credited to Revenue	*334,590*	*1,155,000*	*2,100*
Silver Redemption Reserve	—	—	*150,000*
Management of Debt	430,623	100,050	88,950
Interest on Other Obligations	43,476	47,700	48,750
Civil Administration :—			
Home Administration :—			
India Office : Salaries and Contingencies	208,397	215,250	222,000
High Commissioner's Office : Salaries and Contingencies	190,107	194,250	208,725
Audit Office : Salaries	15,251	15,600	15,600
Contribution by His Majesty's Treasury in respect of the Administrative Expenses of India Office	*104,349*	*104,550*	*107,175*
Payments on account of Departments in India :—			
Stores for India	10,437	27,675	16,275
Leave Allowances and Miscellaneous	327,825	323,100	338,400
Currency and Mint :—			
Stores for India	2,500	3,300	3,675
Leave Allowances and Miscellaneous	3,805	4,050	4,725
Interest on Paper Currency Reserve Investments	—	*60,000*	*4,200*
Civil Works :—			
Leave Allowances and Miscellaneous	10,791	6,150	8,325
Miscellaneous :—			
Territorial and Political Pensions	7,385	8,025	8,550
Civil Superannuation Allowances and Pensions (including Home establishment Pensions)	1,319,750	1,324,875	1,313,850
Contribution to the Secretariat of the League of Nations	103,773	107,850	112,950
Other Miscellaneous Charges	20,680	9,225	14,475
Stationery and Printing :—			
Stores for India	13,324	11,475	12,075
Expenditure at the India Office and the High Commissioner's Office, Leave Allowances, etc.	7,687	11,175	9,000
Defence Services (Army, Marine and Air Force) :—			
Home Charges of British Forces serving in India	*40,000*	*60,975*	*64,950*
Sea Transport Charges	475,097	469,800	471,300
Unemployment Insurance	98,246	136,950	138,600
National Health Insurance	38,936	39,975	39,450
Aden Contribution	115,500	145,650	120,000
Contributions under Contributory Pensions Act, 1925	116,808	119,700	118,350
Contribution to the expenses of His Majesty's Ships in Indian Seas	100,192	100,800	100,800
Furlough Pay and Miscellaneous	930,551	962,700	1,024,950
Stores	635,013	698,025	762,900
Marriage Allowances and Allotments	348,965	358,200	364,800
Retired Pay of British Forces for Service in India	1,232,808	1,211,025	1,217,475
Retired Pay : Indian Services and Family and Miscellaneous (including Military Funds) Pensions	2,442,575	2,460,150	2,481,300
Extraordinary Receipts and Payments	*218,401*	8,700	8,100
Total	24,271,912	23,209,800	24,174,975
Expenditure by Secretary of State	21,193,199	20,061,225	20,995,725
" " High Commissioner	3,078,713	3,148,575	3,179,250
Total	24,271,912	23,209,800	24,174,975

Expenditure in England not charged on the Revenue of the year :—

Expenditure.	Accounts, 1933-34.	Revised Estimate, 1934-35.	Budget. 1935-36.
	£	£	£
Capital outlay on State Railways	946,081	1,425,000	1,500,000
New Capital at Delhi	—	1,350	—
Posts and Telegraphs	124	300	—
Vizagapatam Port..	9,663	7,875	3,750
Lighthouses and Lightships	120	225	450
Expenditure by Secretary of State	878,097	1,365,000	1,440,000
,, ,, High Commissioner	77,891	69,750	64,200
Total	955,988	1,434,750	1,504,200

VIII.—GOLD STANDARD RESERVE AND SILVER REDEMPTION RESERVE.

The Gold Standard Reserve was built up out of the profit from the coinage of rupees. The principal objects for which it was maintained were (1) to provide funds from which the Secretary of State could finance his requirements at times when remittance of funds from India through the usual market channels could not conveniently be arranged, and (2) to furnish resources against which sterling drafts might, if necessity arose, be sold by the Government of India to remitters in India.

The Reserve was maintained at £40,000,000, any assets in excess of this amount, on the basis of current market prices or below, being appropriated to revenue, subject to credits to an Equalisation Fund (instituted with effect from 1929–30) which was designed to mitigate the effect on the budgetary position of fluctuations in the value of the securities in the Reserve. There had been no amount at the credit of the fund since 1931–32.

The earlier history of the Reserve is described in the Explanatory Memorandum for 1922–23 [Command Paper 1766 of 1922], and the operation of the Revenue Equalisation Fund is described in the issue for 1931–32 [Command Paper 3969 of 1931].

On the 1st April, 1935, the Reserve Bank of India assumed its currency responsibilities and on the same date certain assets were handed over to it by Government, including £32,500,000 from the Gold Standard Reserve. The balance of £7,500,000 of the Gold Standard Reserve in the form of sterling securities and cash was retained by Government in the newly created Silver Redemption Reserve, which is held to meet the liability imposed by Section 36 of the Reserve Bank Act, under which Government are obliged to pay full value for surplus rupees which may be transferred by the Bank up to a maximum of Rs. 5 crores a year.

Statistics regarding the Gold Standard Reserve

The total receipts from profit on coinage, interest and discount, and profit by exchange up to 31st March, 1935, were as follows :—

	£
Profits on Coinage from 1900–01 ..	28,573,606
Interest and discount	32,891,371
Profit by exchange	194,917
	61,659,894

Of the above sum, £1,123,655 has been used for capital expenditure on railways, £2,866,217 has been transferred to the Paper Currency Reserve in reduction of created Rupee securities, £16,025,828 has been transferred to Revenue, and the remainder has been credited to the Gold Standard Reserve. The following tables give a summary of the transactions to 31st March, 1935, and the composition of the Reserve on that date :—

Summary of Transactions.

	£	£
Profits on Coinage paid to Gold Standard Reserve—		
Total Profits realized since 1st April, 1900 ..	28,573,606	
Deduct amount used for Capital Expenditure on Railways	*1,123,655*	
		27,449,951
Interest and discount received up to 31st March, 1935	32,891,371	
Profit by exchange	194,917	
Profit through appreciation	525,452	
		33,611,740
Profits and Interest paid to Reserve from 1st April, 1900, to 31st March, 1935		61,061,691
Deduct—		
Loss on Sale, Redemption, and Conversion of Securities	*2,149,072*	
Transferred to Paper Currency Reserve in reduction of created securities	*2,866,217*	
Transferred to Revenue	*16,025,828*	
Miscellaneous Charges	*20,574*	
		21,061,691
Amount of Gold Standard Reserve on 31st March, 1935		£40,000,000

State of Reserve, 31st March, 1935.

Sterling Securities held in England (value at, or below, minimum market price)—	£
Treasury Bills..	11,623,806
Other Securities (Treasury Bonds and Conversion Loans)	26,221,723
	37,845,529
Gold held on deposit at Bank of England (valued at par) ..	2,152,334
Cash held in England	2,137
	£40,000,000

IX.—EXCHANGE AND REMITTANCE

The purchases of sterling in India by the Government of India and the sterling taken over in London during the last ten years, have been as follows :—

Year.	Purchases of Sterling by the Government of India.	Sterling taken over in London.	Total.	Average Rate of Exchange per Rupee.
	£	£	£	s. d.
1925-26	46,316,500	—	46,316,500	1 6·152
1926-27	2,115,000	—	2,115,000	1 6·019
1927-28	28,325,000	—	28,325,000	1 5·997
1928-29	30,810,000	—	30,810,000	1 6·026
1929-30	15,215,000	—	15,215,000	1 5·908
1930-31	5,395,000	—	5,395,000	1 5·841
1931-32	40,049,000	300,000	40,349,000	1 6·123
1932-33	35,733,000	1,212,998	36,945,998	1 6·154
1933-34	45,158,000	60,317	45,218,312	1 6·071
1934-35	37,542,000	33,926	37,575,926	1 6·086

The sales by the Government of India of immediate telegraphic transfers on London during the last ten years have been as follows :—

1925-26 .. *Nil.*
1926-27 .. £1,425,000 at the rate of 1s. $5\frac{3}{4}$d.
1927-28 to 1929-30 .. *Nil.*
1930-31 .. £5,733,626 at the rate of 1s. $5\frac{49}{64}$d.
1931-32 .. £14,047,804 at the rate of 1s. $5\frac{47}{64}$d.
1932-33 to 1934-35 .. *Nil.*

X.—SEA-BORNE TRADE

The figures of Exports from, and Imports into, India of Merchandise and Treasure during 1932-33, 1933-34 and 1934-35, are summarised below. Further particulars are given in the published statements of the Sea-Borne Trade of British India.

Summary of Sea-borne Trade

——	1932-33.	1933-34.	1934-35.
On Private Account.	Rs.	Rs.	Rs.
Exports of Merchandise ..	1,35,49,14,410	1,49,73,22,629	1,54,78,67,927
Imports of Merchandise ..	*1,32,58,43,175*	*1,15,35,70,144*	*1,32,25,19,589*
Net Exports of Merchandise	2,90,71,235	34,37,52,485	22,53,48,338
Net Exports of Gold	65,52,27,956	57,05,35,961	52,53,74,607
Net Imports of Silver	*72,84,602*	*1,36,593*	*2,16,08,542*
Net Exports of Currency Notes	13,43,433	19,41,306	36,89,565
Net Exports of Treasure ..	64,92,86,787	57,23,40,674	55,06,72,714
Net Exports of Merchandise and Treasure on Private Account	67,83,58,022	91,60,93,159	77,60,21,052

Summary of Sea-borne Trade—continued.

——	1932-33.	1933-34.	1934-35.
Government Transactions.	Rs.	Rs.	Rs.
Imports of Merchandise ..	*2,43,32,879*	*1,94,75,278*	*2,29,60,405*
Exports of Merchandise ..	44,19,699	50,34,820	28,17,431
Net Imports of Merchandise	*1,99,13,180*	*1,44,40,458*	*2,01,42,974*
Net Exports of Gold	—	—	—
Net Exports of Silver ..	2,74,15,553	6,37,08,049	4,18,62,204
Net Exports *or Imports* of Currency Notes	—	—	—
Net Exports of Treasure ..	2,74,15,553	6,37,08,049	4,18,62,204

R. A. BUTLER

India Office,
23rd September, 1935.

Printed under the authority of His Majesty's Stationery Office
By Eyre and Spottiswoode Limited, East Harding Street, E.C. 4
Printers to the King's most Excellent Majesty

z (375)12801 Wt 1410—1206 625 10/35

EAST INDIA
ACCOUNTS AND ESTIMATES

1936-1937

EXPLANATORY MEMORANDUM

By the Under-Secretary of State for India

Presented by the Secretary of State for India to Parliament by Command of His Majesty
September, 1936

LONDON
PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE
To be purchased directly from H.M. STATIONERY OFFICE at the following addresses
Adastral House, Kingsway, London, W.C.2; 120 George Street, Edinburgh 2;
26 York Street, Manchester 1; 1 St. Andrew's Crescent, Cardiff;
80 Chichester Street, Belfast;
or through any bookseller

Price 4*d*. net.

Cmd. 5283.

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MEMORANDUM

BY THE

UNDER SECRETARY OF STATE FOR INDIA

RELATING TO THE

ACCOUNTS of the GOVERNMENT OF INDIA (Central Government) for 1934–35 and the ESTIMATES for 1935–36 and 1936–37

I.—INTRODUCTION

Separation of Central and Provincial Finances

The chief Provincial Governments in India have assigned to them specific revenues of their own, and are responsible for the discharge of those functions of Government which have been classified as " provincial subjects."

The finances of the Central Government and of the several Provincial Governments are thus kept separate and distinct from each other.

The annual volumes of the " Finance and Revenue Accounts of the Government of India," commencing with that for 1921–22, exhibit separately the revenue and expenditure of the Central Government and of each of the Provincial Governments. The Central Government and each Provincial Government issues annually its own budget estimate for the forthcoming year and, in most cases, a revised estimate for the closing year. **This Memorandum, however, deals with the Accounts and Estimates of the Central Government only, except where otherwise stated.**

New Governors' Provinces of Sind and Orissa were constituted on 1st April, 1936, in accordance with the provisions of Section 289 of the Government of India Act, 1935.

Separation of Railway Finance from General Finance

In accordance with a Resolution passed in the Legislative Assembly in September, 1924, Railway Finance has been separated from the general finances of Government with effect from the year 1924–25. Notes on the Railway Budget and Capital Expenditure will be found on pages 11 to 14 and 17 and 18, respectively.

Rates of Exchange

The sterling amounts under Revenue and Capital heads in the Annual Accounts are converted into rupees at the average of the daily rates for telegraphic transfers in Calcutta on London in each year; the rate applied in 1934–35 being Rs. 13·29639 per £. In the Budgets for 1935–36 and 1936–37, a conversion rate of 1*s.* 6*d.* per rupee is assumed, and in the Revised Estimate for 1935–36 a rate of 1*s.* $6\frac{3}{32}$*d.* per rupee.

The sterling amounts under Debt and Remittance heads are converted into rupees at Rs. $13\frac{1}{3}$ per £ (1*s.* 6*d.* per rupee).

II.—REVENUE, AND EXPENDITURE CHARGED TO REVENUE

Gross Revenue and Expenditure

The Gross Revenue and Expenditure of the Government of India for the three years to which this Memorandum refers are shown in Table A on pages 6 and 7.

All receipts on revenue account are included in the total of revenue and all outlay in the total of expenditure, with the main exceptions that the working expenses of railways, irrigation works and posts and telegraphs, and the surplus profits paid to Indian States and certain railway companies, are treated not as expenditure but as a deduction from revenue.

Net Revenue and Expenditure

The figures of Gross Revenue given in Table A, although showing the net receipts of railways and other commercial undertakings, make no deduction on account of interest charges; the total receipts under tax revenue do not eliminate the cost of collection; and the receipts from opium sales take no account of the cost of cultivation and manufacture. Customs revenue includes the portion of the Customs and Excise duties on motor spirit payable to the Road Development Fund for expenditure by Provincial Governments, etc. On the expenditure side, Defence expenditure is shown gross, the Defence receipts being included under revenue, and the appropriation to the Road Development Fund is included under Civil Works.

To present a picture of the revenue available for administrative purposes and the expenditure on such purposes, an analytical table of the Net Revenue and Expenditure of the Central Government is given in Table B on pages 8 and 9.

A.—Gross Revenue and Expenditure charged

Revenue.	Accounts, 1934-35.	Budget Estimate, 1935-36	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—				
Customs	52,67,41,915	51,84,00,000	54,71,00,000	54,82,00,000
Taxes on Income	17,54,52,580	16,40,00,000	16,80,00,000	15,67,00,000
Salt	8,00,00,860	8,73,00,000	8,70,00,000	8,75,00,000
Opium	71,94,208	61,16,000	61,70,000	47,41,000
Other Heads	1,91,58,751	1,91,05,000	1,89,69,000	1,87,67,000
Total Principal Heads ..	80,85,48,314	79,49,21,000	82,72,39,000	81,59,08,000
Railways: Net Receipts	32,36,84,197	32,25,45,000	31,96,76,000	31,73,66,000
Irrigation: Net Receipts	74,570	14,000	24,000	19,000
Posts and Telegraphs: Net Receipts	1,21,99,599	70,52,000	85,77,000	81,55,000
Interest Receipts	2,01,01,836	82,56,000	70,19,000	62,33,000
Civil Administration	85,12,271	92,75,000	96,76,000	98,08,000
Currency and Mint	1,48,09,980	1,07,01,000	1,22,04,000	1,26,13,000
Civil Works	27,05,419	23,30,000	25,72,000	26,80,000
Miscellaneous	73,77,488	56,63,000	58,94,000	55,40,000
Defence Receipts	5,30,01,980	4,92,77,000	5,08,34,000	4,93,19,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments	—	—	—	—
Extraordinary Items	2,514	—	3,000	—
Total Revenue	1,25,10,18,168	1,21,00,34,000	1,24,37,18,000	1,22,76,41,000

TO REVENUE OF THE CENTRAL GOVERNMENT

EXPENDITURE.	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36	Budget Estimate, 1936-37.
	Rs.	Rs.	Rs.	Rs.
Direct Demands on the Revenue ..	4,04,50,231	4,19,58,000	4,24,07,000	4,17,73,000
Forest and other Capital Outlay charged to Revenue	1,66,907	49,000	84,000	37,000
Railways: Interest and Miscellaneous Charges	32,36,84,197	32,25,45,000	31,96,76,000	31,73,66,000
Irrigation	5,99,155	5,57,000	5,56,000	5,60,000
Posts and Telegraphs	87,03,601	86,46,000	81,79,000	89,90,000
Debt Services	13,25,10,698	13,39,13,000	13,62,78,000	12,20,17,000
Civil Administration	11,10,43,716	10,17,13,000	10,46,04,000	11,10,12,000
Currency and Mint	73,54,615	32,56,000	43,11,000	34,01,000
Civil Works	2,42,33,246	2,25,32,000	2,28,54,000	2,56,14,000
Miscellaneous	4,39,76,567	4,45,76,000	4,43,95,000	4,17,32,000
Defence Services	49,64,27,980	49,90,77,000	50,06,34,000	50,38,19,000
Miscellaneous adjustments between the Central and Provincial Governments	2,97,77,696	3,04,94,000	3,13,51,000	4,66,57,000
Extraordinary Items	2,84,89,559	1,36,000	2,83,89,000	40,34,000
Total Expenditure Charged to Revenue	1,24,74,18,168	1,20,94,52,000	1,24,37,18,000	1,22,70,12,000
Surplus	36,00,000	5,82,000	—	6,29,000
Total	1,25,10,18,168	1,21,00,34,000	1,24,37,18,000	1,22,76,41,000

B.—Net Revenue and Expenditure of the Central Government

Net Revenue

	Accounts, 1934–35.		Budget Estimate, 1935–36.		Revised Estimate, 1935–36.		Budget Estimate, 1936–37.	
I. *Tax Revenue :—*	Rs. lakhs.		Rs. lakhs.		Rs. lakhs.		Rs. lakhs.	
Customs	50,37·78		49,38·06		52,18·15		52,01·15	
Taxes on Income	16,69·40		15,48·43		15,88·22		14,80·26	
Salt	6,85·02		7,55·12		7,51·01		7,66·89	
Other Heads	65·42		64·70		60·19		58·32	
		74,57·62		73,06·31		76,17·57		75,06·62
II. *Opium*		37·06		25·35		26·09		18·55
III. *Commercial Departments :—*								
Railways	—		—		—		—	
Irrigation	*—5·21*		*—5·24*		*—5·13*		*—4·65*	
Posts and Telegraphs	37·95		*—13·01*		5·79		1·29	
		32·74		*—18·25*		·66		*—3·36*
IV. *Currency and Mint*		74·55		74·45		78·93		92·12
V. *Interest Receipts*		2,01·02		82·56		70·19		62·33
VI. *Extraordinary Receipts*		·02		—		·03		—
VII. *Other Revenue :—*								
Civil Administration	85·12		92·75		96·76		98·08	
Payments from Indian States ..	73·97		73·60		73·64		73·55	
Other Heads	1,13·24		90·68		1,00·66		96·57	
		2,72·33		2,57·03		2,71·06		2,68·20
Total Net Revenue		80,75·34		77,27·45		80,64·53		79,44·46

Net Expenditure

	Accounts, 1934–35.		Budget Estimate, 1935–36.		Revised Estimate, 1935–36.		Budget Estimate, 1936–37.	
	Rs. lakhs.		Rs. lakhs.		Rs. lakhs.		Rs. lakhs.	
I. *Debt Services :—*								
Interest	10,25·11		10,39·13		10,62·78		9,20·17	
Reduction or Avoidance of Debt	3,00·00		3,00·00		3,00·00		3,00·00	
		13,25·11		13,39·13		13,62·78		12,20·17
II. *Defence Services :—*								
Effective	35,47·04		37,30·42		36,97·72		38,26·70	
Non-effective	8,18·29		8,24·20		8,25·17		8,00·70	
Transfers to *or from* Defence Reserve Fund	68·93		*—56·62*		*—24·89*		*—82·40*	
		44,34·26		44,98·00		44,98·00		45,45·00
III. *Net Capital Outlay on Commercial Departments charged to Revenue:—*								
Posts and Telegraphs and Irrigation		3·02		3·12		2·00		10·40
IV. *Miscellaneous Adjustments between Central and Provincial Governments*		2,97·78		3,04·94		3,13·51		4,66·57
V. *Extraordinary Payments*		2,84·89		1·36		2,83·89		40·34
VI. *Other Expenditure :—*								
Civil Administration	11,10·44		10,17·13		10,46·04		11,10·12	
Other Heads	5,83·84		5,57·95		5,58·31		5,45·57	
		16,94·28		15,75·08		16,04·35		16,55·69
Total Net Expenditure		80,39·34		77,21·63		80,64·53		79,38·17
Surplus (+) or Deficit (—)		+36·00		+5·82		—		+6·29

Accounts, 1934–35

The Revenue Account for 1934–35 showed a net improvement of Rs. 169 lakhs over the Revised Estimate, mainly due to increased receipts of Rs. 151 lakhs under Customs. The unallocated surplus to be transferred to the Rural Development Fund is therefore increased from Rs. 113 lakhs to Rs. 282 lakhs.

Revised Estimate, 1935–36

As compared with the original estimated surplus of Rs. 6 lakhs in 1935–36, the Revised Estimate foreshadowed a surplus of Rs. 242 lakhs.

From this anticipated surplus of Rs. 242 lakhs, it was decided to allot Rs. 45 lakhs to a special fund for assisting the new provinces of Sind and Orissa in meeting their expenditure on buildings, Rs. 17½ lakhs being provided for Sind and Rs. 27½ lakhs for Orissa. The balance of the surplus, viz. Rs. 197 lakhs, will be transferred to a Revenue Reserve Fund available to help out the finances of the first year of Provincial Autonomy. The final Revised Estimate figures exhibited, therefore, both Revenue and Expenditure as Rs. 124,37 lakhs.

In the course of voting Supplementary Demands for Grants the Legislative Assembly made a reduction of Rs. 100 in the Demand in respect of Baluchistan.

Budget, 1936–37

In framing the estimates for 1936–37 a surplus of revenue over expenditure of Rs. 205 lakhs was envisaged and, in view of the pledges previously given to the Legislature in regard to the removal of emergency taxation, further reduction in Taxes on Income has been effected. With effect from 1st April, 1936, the remaining tax on incomes below Rs. 2,000 has been abolished and the surcharges on income-tax and super-tax on higher incomes have been reduced from one-sixth to one-twelfth. The net cost of these measures is estimated at Rs. 185 lakhs. In addition the weight of the one anna letter has been raised from half a tola to one tola, with corresponding alterations in the rates for heavier letters, and the weight of registered newspapers to be carried for a quarter of an anna has been raised from eight to ten tolas.

Expenditure includes the provision of (*a*) Rs. 108 lakhs and Rs. 50 lakhs, respectively, as subventions to the new Provinces of Sind and Orissa and (*b*) Rs. 60 lakhs under "Defence" and Rs. 40 lakhs under "Civil" towards reconstruction and other expenditure in connection with the earthquake at Quetta.

The final Budget Estimate shows a small surplus of Rs. 6¼ lakhs.

The following reductions were made by the Legislative Assembly in the demands for grants for 1936-37 presented to them, viz. :—

	Rs.
Railways.	
Railway Board	300
Expenses of Traffic Department.. ..	100
Civil.	
Executive Council	1,48,999
Foreign and Political Department ..	100
Home Department	100
Defence Department	4,24,999
Baluchistan	27,69,100

Of these reductions the Governor-General in Council has, under Section 67A (7) of the Government of India Act, restored the demands under "Executive Council," "Defence Department" and "Baluchistan" as being essential to the discharge of his responsibilities.

The reductions in taxation were effected by the Indian Finance Act, 1936. The Bill in recommended form was not passed by the Legislative Assembly, but after certification it was passed by the Council of State and was made an Act on the 31st March, 1936, by the Governor-General under the provisions of Section 67B of the Government of India Act (*vide* Parliamentary Paper H.C. 129 of 1936). The additional import duty on foreign salt was also continued for another two years subject to a reduction of the rate from 2½ to 1½ annas per maund, by an Act, which received the assent of the Governor-General on the 21st April, 1936.

III.—RAILWAYS

In accordance with the resolution passed by the Legislative Assembly in September, 1924, railway finance was separated from the general finances of the Government of India with effect from 1924-25. After deducting all working expenses, including interest charges of commercial lines, the railways have to make a contribution to general revenues equal to 1 per cent. on the capital at charge of the commercial lines (excluding Capital contributed by Companies and Indian States) in the penultimate year *plus* one-fifth of surplus profits in such penultimate year and one-third of the amount remaining available for transfer to Railway reserves in excess of Rs. 3 crores, but from the amount of these contributions are deducted the interest on capital and loss in working of strategic lines.

The contribution to general revenues during the six years 1924–25 to 1929–30 totalled Rs. 36 crores. The contribution for 1930–31—some Rs. 6 crores—was found from the Railway reserves, but in consequence of the serious fall in Railway earnings due to the general economic depression, a contribution has not been found practicable since. At the end of 1936–37 the total contributions to general revenues remaining unpaid during the six years commencing with 1931–32 will amount to about Rs. 31 crores.

The Railway Revenue and Expenditure figures for the years from 1934–35 to 1936–37 are given in the following table.

	Accounts, 1934-35.	Budget Estimate, 1935-36.	Revised Estimate, 1935-36.	Budget Estimate, 1936-37.
REVENUE.				
State Railways—	Rs.	Rs.	Rs.	Rs.
(1) Commercial Lines :—				
Gross Receipts	95,11,82,629	98,57,10,000	95,09,00,000	96,16,00,000
Deduct—				
Working Expenses	*64,75,52,780*	*65,12,00,000*	*64,67,25,000*	*65,14,30,000*
Surplus Profits paid to Indian States and Railway Companies	*61,12,492*	*56,00,000*	*51,50,000*	*30,00,000*
Payments to worked lines ..	*2,76,99,135*	*2,87,30,000*	*2,70,88,000*	*2,69,70,000*
Net Receipts..	26,98,18,222	30,01,80,000	27,19,37,000	28,02,00,000
(2) Strategic Lines :—				
Gross Receipts	1,26,90,055	1,38,00,000	1,29,20,000	1,31,15,000
Deduct :—				
Working Expenses and Refunds of Revenue ..	*1,89,98,868*	*2,06,10,000*	*2,06,95,000*	*2,08,85,000*
Net Receipts	*—63,08,813*	*—68,10,000*	*—77,75,000*	*—77,70,000*
Total Net Receipts—Commercial and Strategic Lines..	26,35,09,409	29,33,70,000	26,41,62,000	27,24,30,000
Subsidized Companies: Government Share of Surplus Profits	21,58,061	21,00,000	23,00,000	22,00,000
Interest on Depreciation and Reserve Funds	48,14,642	48,59,000	46,55,000	50,92,000
Other Receipts	25,76,659	32,66,000	32,00,000	32,00,000
Transferred from Railway Reserve Fund	—	—	—	—
Loan from Railway Depreciation Fund	5,06,25,426	1,89,50,000	4,53,59,000	3,44,44,000
Total Revenue	32,36,84,197	32,25,45,000	31,96,76,000	31,73,66,000
EXPENDITURE.				
Interest Charges :—				
(1) Commercial Lines	30,39,82,406	30,29,75,000	29,99,82,000	29,75,54,000
(2) Strategic Lines	1,40,23,364	1,38,85,000	1,37,44,000	1,35,82,000
Total Interest Charges ..	31,80,05,770	31,68,60,000	31,37,26,000	31,11,36,000
Other Expenditure	56,78,427	56,85,000	59,50,000	62,30,000
Total Expenditure	32,36,84,197	32,25,45,000	31,96,76,000	31,73,66,000

The losses on commercial lines—after making full provision for accrued depreciation—are: 1934–35, Accounts, Rs. 3,11 lakhs; 1935–36, Revised Estimate, Rs. 2,48 lakhs; and 1936–37, Budget Estimate, Rs. 1,40 lakhs.

Since 1932–33, there has been no free balance in the Reserve Fund, and the Railway Accounts and Estimates have been balanced by loans from the Railway Depreciation Reserve Fund, amounting for the five years 1931–32 to 1935–36 to Rs. 32,04 lakhs.

The Budget estimate for 1935–36 was based on the assumption that the improvement which had set in in the previous year would continue. Unfortunately this hope was not realised and instead of the deficit originally estimated at Rs. 190 lakhs a deficit of Rs. 454 lakhs is anticipated (of which Rs. 206 lakhs represents the loss on strategic lines) which is, however, an improvement of about Rs. 50 lakhs over 1934–35. Traffic receipts from State-owned lines are estimated at Rs. 90 crores or Rs. 3½ crores less than the original estimate. Passenger earnings are expected to show an improvement of about Rs. ½ crore. Goods traffic, on the other hand, suffered a serious setback. The reduction in the groundnut crop, as a result of smaller sowings following a very serious drop in prices in 1934–35, accounted for a fall of Rs. 60 lakhs in receipts from April to October and receipts from rice and cotton traffic were disappointing. The figures for rice were, however, exceptional in 1934–35 owing to the imports to the areas devastated by the Bihar earthquake. Working expenses show a slight reduction as compared with the Budget estimate and with the figure for the previous year though the restoration of the balance of the pay cuts involved an increase of Rs. 87 lakhs. Interest charges show a reduction of Rs. 43 lakhs as compared with 1934–35 due to a fall in rates charged consequent on Government's conversion operations.

If the estimate for 1936–37 proves correct the deficit for the year will be appreciably reduced. The Budget for the year anticipates an increase in gross earnings from State-owned lines of about 1½ crores, of which about 50 lakhs may result from a gradual improvement in traffic and about 100 lakhs from the operation of certain alterations in rates and fares. A small increase of ¼ pie per mile in third class fares for distances between 51 and 300 miles on the North Western Railway is expected to bring in about Rs. 12 lakhs and a similar increase on the Burma Railways will yield Rs. 6 lakhs. Increases of upper class fares on the Great Indian Peninsula, Bombay, Baroda and Central India and South Indian Railways are likely to result in increased earnings of Rs. 5 lakhs. An increase in terminals on the North Western, Great Indian Peninsula and East Indian Railways is expected to yield Rs. 34 lakhs. The most important of the enhancements in goods freights are on petrol, liquid fuel and cement over the Bombay, Baroda and Central India, Great Indian Peninsula and East Indian Railways and on stone metal over the East Indian and North Western Railways. These and other similar enhancements in goods rates are expected to bring in increased earnings of about Rs. 50 lakhs during 1936–37. If the results are as anticipated, the deficit on the year will be Rs. 344 lakhs of which Rs. 140 lakhs will be in respect of commercial and Rs. 204 lakhs in respect of strategic lines.

An attempt is also to be made, it is hoped during the year, to cope with the problem of ticketless travel, which involves the

Railway Revenues in a loss of revenue estimated to be at least Rs. 50 lakhs a year, and an amendment to the Indian Railways Act is to be placed before the Legislature. As a result of discussions now proceeding steps may also be taken for the coordination of transport and the regulation of motor traffic. The removal of the uneconomical competition from which the railways now suffer, while it would be in the interests of all concerned, should benefit railway revenues.

The Railway Depreciation Fund is estimated to have a closing balance on 31st March, 1937, of Rs. 11·81 crores after allowing for some Rs. 35½ crores borrowed to make up the deficits since 1931–32.

Particulars of the capital expenditure on Railways are given in chapter V (*vide* page 17).

IV.—TAXATION PER HEAD IN BRITISH INDIA

Total Tax Revenue.	Accounts, 1934–35.	Budget Estimate, 1935–36.	Budget Estimate, 1936–37.
	Lakhs of Rs.	*Lakhs of Rs.*	*Lakhs of Rs.*
Customs	52,36·50	51,53·35	54,47·15
Taxes on Income	17,58·04	16,44·85	15,70·80
Salt	7,63·68	8,36·73	8,38·30
Excise	14,81·58	14,79·70	15,01·61
Stamps	12,02·48	12,33·80	11,94·73
Registration	1,17·14	1,19·24	1,19·78
Scheduled Taxes	44·74	42·42	46·87
Total (excluding Land Revenue) ..	1,06,04·16	1,05,10·09	1,07,19·24
Land Revenue	32,04·68	30,52·09	31,19·47
Total (including Land Revenue) ..	1,38,08·84	1,35,62·18	1,38,38·71
The *taxation per head*, on the assumption that the whole is paid by the inhabitants of British India, is :—			
(i) exclusive of Land Revenue ..	*Rs.* 3·76	*Rs.* 3·69	*Rs.* 3·73
(ii) inclusive of Land Revenue ..	4·89	4·76	4·81

The above figures include both Central and Provincial revenue.

For the purpose of calculating the taxation per head, the population of British India has been estimated at 282,232,000 in 1935, 284,952,000 in 1936, and 287,698,000 in 1937.

V.—PUBLIC DEBT AND CAPITAL EXPENDITURE

Debt Transactions, 1935–36

Indian Treasury Bills of three months maturity were sold weekly, with temporary suspensions for short periods, from 16th April, 1935, to 31st March, 1936. The amount outstanding on 31st March, 1936, was Rs. 32·13 crores.

On 1st June, 1935, £3,500,000 East Indian Railway 4½ per cent. Debenture Stock, 1935–55, was repaid.

On 11th July, 1935, £10,000,000 India 3 per cent. stock, repayable at par in 1949–52, was issued in part replacement of the £12,000,000 6 per cent. Bonds, 1935–37, then under notice of repayment. The issue price was £98 per cent. and the loan was oversubscribed.

On 5th August, 1935, a 3 per cent. Rupee Loan, repayable in 1951–54, was opened to subscription in the form of cash, 5 per cent. Bonds, 1935, or 6½ per cent. Treasury Bonds, 1935. The issue price was 96½ per cent. and the loan was to be closed as soon as the total subscriptions amounted approximately to Rs. 15 crores, cash subscriptions receiving, if necessary, only partial allotment. The loan was closed on the opening day, allotments being as follows:—Cash, Rs. 2·11 crores; 5 per cent. Bonds, 1935, Rs. 8·38 crores; 6½ per cent. Treasury Bonds, 1935, Rs. 4·64 crores; total Rs. 15·13 crores.

On 15th October, 1935, the balance outstanding of the £12,000,000 India 6 per cent. Bonds, 1935–37, was repaid.

The Permanent Debt in India was reduced in 1935–36 by approximately Rs. 12·4 crores, about Rs 15·1 crores new debt having been raised and about Rs. 27·5 crores of debt having been discharged by repayment or conversion. The floating debt in India was reduced by Rs. 20·2 crores owing to a reduction in the amount of Treasury Bills outstanding.

Unfunded Debt: Savings Bank deposits of Rs. 15¾ crores (net) were anticipated. Receipts from and encashments of Post Office Cash Certificates were expected to be about equal. Unfunded debt in India was estimated to be increased by Rs. 15·69 crores.

Permanent Debt in England was reduced by £7·46 millions (net), resulting from the repayment of £11·95 millions of sterling stock, £3·5 millions of East Indian Railway Debenture Stock, £1·8 millions of the capital portion of the Railway Annuities, and the redemption of £174,150 of debt by the operation of the State Railways Sinking Fund; partly set off by the issue of £10 millions of sterling stock.

Debt Transactions, 1936–37

The Budget provided for the net discharge of Rs. 25·44 crores of Permanent Debt, including £16·86 million for the repayment of 5½ per cent. Sterling Stock, 1936–38, £1·9 million for part capital redemption of the Railway Annuities created in purchase of railways, and £0·17 million for the statutory sinking funds established in connection with the purchase of certain railways. Treasury Bill issues were expected to be increased by Rs. 11 crores, and Unfunded Debt by Rs. 14·7 crores. The latter figure includes increased Post Office Savings Bank deposits of Rs. 8¼ crores and the net repayment of Rs. 50 lakhs of Post Office Cash Certificates.

The sale of 3 months' Indian Treasury Bills was continued weekly with a temporary suspension between 26th May and 30th June. The amount outstanding on 1st August, 1936, was Rs. 34·94 crores.

On 26th May, 1936, subscriptions in cash were invited to an issue of 2¾ per cent. Rupee Loan repayable at par in 1948–52. The loan was issued at par and it was provided that the loan would be closed as soon as the total subscriptions amounted to approximately Rs. 12 crores. The loan was closed shortly after opening, approximately Rs. 30 crores having been subscribed. The amount allotted was Rs. 12,01,28,000

From 1st July, 1936, the rate of interest on cash deposits in the Indian Post Office Savings Bank was reduced to 2 per cent. per annum; and from the same date the issue price of Post Office Cash Certificates was raised so as to give a reduced yield of 2½ per cent. per annum compound interest on maturity in five years.

On 15th July, 1936, the outstanding balance of the £17,181,249 India 5½ per cent. Stock, 1936–38, was repaid.

Public Debt Outstanding

The amount of the permanent and floating public debt of the Government of India (Central Government) outstanding is given in the following table. The figures include debt incurred on behalf of Provincial Governments, the debenture stocks of various railways taken over by the Secretary of State on the transfer of the lines, and

the capital value of liabilities undergoing redemption by way of terminable railway annuities.

	In India‡	In England*
	Rs.	£
31st March, 1935	4,92,65,07,554	383,687,618
31st March, 1936	4,58,34,20,737	376,232,820
31st March, 1937 (Estimate)	4,81,14,96,737	357,306,960

‡ Excludes Post Office Cash Certificates.
* Includes liability for British Government 5 per cent. War Loan, 1929–47, taken over by India.

A statement of the interest-bearing obligations (including the public debt) of the Government of India is given on page 19.

Provision for Reduction or Avoidance of Debt

From the year 1933–34 inclusive, the amount provided from revenue for the reduction or avoidance of debt has been a uniform figure of Rs. 3 crores per annum. (For a description of the variable provision that was in force prior to 1933–34, and the reasons for the adoption of a provision on the lines now followed, *see* the Explanatory Memorandum for 1935–36 [Command Paper 5000 of 1935]).

In addition, the final realised revenue surplus shown for any year goes to the reduction or avoidance of debt.

Railway Capital Expenditure

The capital expenditure on railways shown in the Accounts for 1934–35 and in the Estimates for 1935–36 and 1936–37, is as follows:—

———	Accounts, 1934–35.	Revised Estimate, 1935–36.	Budget, 1936–37.
	Rs.	*Rs.*	*Rs.*
Outlay on lines worked by the State and by guaranteed companies:—			
(1) From funds provided by the State ..	68,70,308	1,75,00,000	3,25,00,000
(2) From funds raised through companies or provided from other sources ..	−39,86,158	—	—
	28,84,150	1,75,00,000	3,25,00,000

The minus entry of Rs. 39,86,158 in the table represents the amount provided by Government for the repayment of debentures issued by Railway Companies.

In addition to the above figures, capital expenditure is incurred on branch lines from funds deposited by Branch line Companies or advanced by the Government.

The following table shows the capital outlay on all State lines, Commercial and Strategic, up to the end of the year and the net return obtained :—

	Accounts, 1934–35.	Revised Estimate, 1935–36.	Budget, 1936–37.
	Rs.	*Rs.*	*Rs.*
Capital at charge at end of each year (Central Government)	7,95,29,54,596	7,97,01,54,596	8,00,26,54,596
Working profit from railways excluding interest charges.. ..	26,73,80,344	26,83,67,000	27,66,92,000
Percentage of same to capital at charge ..	3·36%	3·37%	3·46%
Final working *loss* after meeting interest charges	*Rs. 5,06,25,426*	*Rs. 4,53,59,000*	*Rs. 3,44,44,000*
Percentage of same to capital at charge ..	*0·64%*	*0·57%*	*0·43%*

Other Capital Expenditure

Other Capital Expenditure of the Central Government charged outside the Revenue accounts is as follows : Accounts, 1934–35, Rs. 175·4 lakhs; Revised Estimate, 1935–36, Rs. 666·7 lakhs; and Budget Estimate, 1936–37, Rs. 117·2 lakhs. The 1936–37 figure includes Rs. 42 lakhs for Posts and Telegraphs, Rs. 39·9 lakhs for Commuted Pensions and Rs. 23·6 lakhs for New Delhi.

INTEREST-BEARING OBLIGATIONS AND INTEREST-YIELDING ASSETS

The following table exhibits the interest-bearing obligations of the Government of India and shows also the portion of Indian Debt incurred on behalf of Government Commercial undertakings and of the Provincial Governments.

Statement showing the interest-bearing obligations and certain interest-yielding assets of the Government of India, at the close of each financial year

	31st March, 1932.	31st March, 1933.	31st March, 1934.	31st March, 1935.	31st March, 1936. (Estimate.)
In India:	(In crores of rupees.)				
Loans (*a*)	422·69	446·89	435·43	438·31	425·91
Treasury Bills in the hands of the public	47·53	26·09	33·31	18·27	34·09
Treasury Bills in the Paper Currency Reserve	49·67	35·48	25·93	36·07	
Ways and Means Advance	9·50	—	—	—	—
Other Obligations:—					
Post Office Savings Banks	38·20	43·40	52·23	58·30	67·80
Cash Certificates	44·58	55·64	63·71	65·96	65·96
Provident Funds, etc.	73·04	76·74	83·77	89·80	95 99
Depreciation and Reserve Funds	17·65	15·22	13·04	13 05	12·74
Provincial Balances (*b*)	4·32	7·02	6·17	6·63	4·93
Total Loans, etc.	529·39	508·46	494·67	492·65	460·00
Total Other Obligations	177·79	198·02	218·92	233·77	247·42
Total in India	707·18	706·48	713·59	726·42	707·42
In England:	(In millions of £.)				
Loans (*a*)	313·60	314·33	321·01	323·33	317·75
War Contribution	16·72	16·72	16·72	16·72	16·72
Capital value of liabilities undergoing redemption by way of terminable railway annuities	48·72	47·06	45·35	43·58	41·75
Provident Funds, etc.	·80	·91	1·03	1·15	1·27
Total in England	379·84	379·02	384·11	384·88	377·49
Equivalent at 1s. 6*d.* to the Rupee	(In crores of rupees.) 506·45	505·36	512·15	513·11	503·32
Total Interest-bearing obligations	12,13·63	12,11·84	12,25·74	12,33·53	12,10 74
Interest-yielding assets:					
(i) Capital advanced to Railways	750·73	756·75	754·94	755·63	757·38
(ii) Capital advanced to other Commercial Departments	24·25	21·89	23·23	23·76	24·30
(iii) Capital advanced to Provinces	163·64	173·04	175·18	178·15	186·82
(iv) Capital advanced to Indian States and other interest-bearing loans	20·29	20·92	21·11	20·32	20·92
Total Interest-yielding assets	958·91	972·60	974·46	977·86	989·42
Cash, bullion, and securities held on Treasury account	41·42	35·69	43·25	63 33	22·99
Balance of total interest-bearing obligations not covered by above assets	213·30	203·55	208·03	198·34	198·33

(*a*) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.

(*b*) The figures represent those portions of provincial balances which bear interest.

In addition to the cash, bullion and securities held on Treasury account, the Central Government held on 31st March, 1936, £7,500,000 in the Silver Redemption Reserve.

VI.—GENERAL STATEMENT OF THE RECEIPTS, DISBURSEMENTS AND BALANCES OF THE GOVERNMENT OF INDIA, IN INDIA AND IN ENGLAND

The following table shows the opening balances, receipts, disbursements and closing balances, actual or estimated, of the Government of India in 1934–35, 1935–36, and 1936–37.

	Accounts, 1934–35.	Budget Estimate, 1935–36.	Revised Estimate, 1935–36.	Budget Estimate, 1936–37.
	Rs.	*Rs.*	*Rs.*	*Rs.*
Opening Balance, India	11,88,97,891	13,10,06,891	16,18,31,185	12,50,68,185
Opening Balance, England	(a)20,87,50,507	(a)14,17,95,507	(b)21,02,06,386	73,29,386
Total Opening Balance	32,76,48,398	27,28,02,398	37,20,37,571	13,23,97,571
RECEIPTS—				
Revenue Surplus	36,00,000	5,82,000	—	6,29,000
Capital Contributions by Railway Companies and Indian States towards construction of State Railways	—	—	—	—
Permanent Debt (net incurred)	3,81,08,645	—	—	—
Floating Debt (net incurred)	—	—	—	11,00,00,000
Unfunded Debt (net incurred)	14,52,71,312	18,08,56,000	15,85,30,000	14,70,67,000
Deposits and Advances (net)	—	18,22,34,000	23,18,56,000	7,30,83,000
Railway Depreciation and Reserve Funds (net)	15,639	1,88,50,000	—	2,83,56,000
Remittances (net)	—	5,91,000	2,79,000	3,34,000
Balances of Provincial Governments (net)	1,54,88,797	—	—	—
Total Receipts	20,24,84,393	38,31,13,000	39,06,65,000	35,94,69,000
Total	53,01,32,791	65,59,15,398	76,27,02,571	49,18,66,571
DISBURSEMENTS—	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Revenue Deficit	—	—	—	—
Capital Outlay on Security Printing Press	*—1,11,908*	*—1,04,000*	*—96,000*	*—8,000*
Construction of State Railways	25,12,752	5,50,00,000	1,75,00,000	3,25,00,000
Discharge of Railway Debentures	43,57,556	—	—	—
Capital Outlay on Posts and Telegraphs	32,87,494	55,07,000	47,44,000	42,02,000
Capital Outlay on Schemes of Agricultural Improvement and Research	78,422	—	27,71,000	7,22,000
Capital Outlay on Vizagapatam Port	14,71,364	12,50,000	7,70,000	9,95,000
Payment of Commuted Value of Pensions	59,37,791	43,93,000	48,17,000	39,90,000
Initial Expenditure on new Capital at Delhi	72,13,103	52,45,000	40,06,000	23,66,000
Currency Capital Outlay	*—50,619*	4,99,14,000	4,99,23,000	*—99,000*
Payments to Retrenched Personnel	*—1,08,454*	*—4,00,000*	*—2,63,000*	*—4,44,000*
Civil Works	*—1,77,312*	—	—	—
Outlay on Orissa and Sind	—	20,00,000	—	—
Permanent Debt (net discharged)	—	25,42,31,000	22,34,73,000	25,44,23,000
Floating Debt (net discharged)	4,89,45,000	3,50,00,000	20,24,50,000	—
Deposits and Advances (net)	6,27,91,626	—	—	—
Railway Depreciation and Reserve Funds (net)	—	—	52,59,000	—
Loans and Advances by Central Government (net advances)	2,10,09,116	10,23,68,000	9,24,11,000	4,47,63,000
Remittances (net)	9,39,289	—	—	—
Balances of Provincial Governments (net)	—	57,00,000	2,25,40,000	1,62,55,000
Total Disbursements	15,80,95,220	52,01,04,000	63,03,05,000	35,96,65,000
Closing Balance	37,20,37,571	13,58,11,398	13,23,97,571	13,22,01,571
Total	53,01,32,791	65,59,15,398	76,27,02,571	49,18,66,571
DISTRIBUTION OF CLOSING BALANCE—				
Closing Balance, India	16,18,31,185	12,61,34,891	12,50,68,185	12,48,69,185
Closing Balance, England	(b)21,02,06,386	96,76,507	73,29,386	73,32,386

(a) Of this amount, £568 represents the cash portion of the Gold Standard Reserve.
(b) Of this amount, £2,137 represents the cash portion of the Gold Standard Reserve.

VII.—HOME CHARGES

The following is an analysis of the Net Expenditure in England charged on the Revenue of the year :—

Net Expenditure.	Accounts, 1934–35.	Revised Estimate, 1935–36.	Budget, 1936–37.
	£	£	£
Direct demands on the Revenues :—			
Stores for India	431	900	1,500
Leave Allowances and Miscellaneous	36,143	44,550	40,950
Railway Revenue Account :—			
Interest and management of debt	9,366,007	9,278,925	9,078,975
Government share of Surplus profits	*– 9,690*	*– 10,500*	*– 8,025*
Leave Allowances and Miscellaneous	433,522	414,600	414,075
Irrigation Revenue Account :—			
Leave Allowances	160	1,425	825
Posts and Telegraphs :—			
Indian Postal and Telegraph Department :			
Leave Allowances and Miscellaneous	61,409	99,225	107,325
Debt Services :—			
Interest on Ordinary Debt (less interest realised from investment of Cash Balance)	5,606,678	5,568,750	4,838,925
Interest, Discount, etc., on Gold Standard Reserve credited to Revenue	*– 1,064,618*	*– 54,000*	—
Silver Redemption Reserve	—	*– 12,000*	*– 180,000*
Management of Debt	105,476	250,050	89,250
Interest on Other Obligations	47,655	48,825	496,575
Civil Administration :—			
Home Administration :—			
India Office : Salaries and Contingencies	215,855	224,250	225,600
High Commissioner's Office : Salaries and Contingencies	190,796	253,950	262,800
Audit Office : Salaries	15,557	15,900	15,825
Contribution by His Majesty's Treasury in respect of the Administrative Expenses of India Office	*– 104,528*	*– 107,175*	*– 108,675*
Payments on account of Departments in India :—			
Stores for India	27,896	9,600	21,000
Leave Allowances and Miscellaneous	315,790	287,925	277,425
Currency and Mint :—			
Stores for India	3,225	17,100	8,175
Leave Allowances and Miscellaneous	3,514	3,900	3,675
Interest on Paper Currency Reserve Investments	*– 58,297*	*– 1,575*	—
Civil Works :—			
Stores for India	1,815	225	—
Leave Allowances and Miscellaneous	5,723	11,175	8,925
Miscellaneous :—			
Territorial and Political Pensions	7,920	8,775	8,100
Civil Superannuation Allowances and Pensions (including Home establishment Pensions)	1,315,484	1,267,425	1,144,950
Contribution to the Expenses of the League of Nations	107,803	111,150	107,325
Other Miscellaneous Charges	9,399	10,200	9,300
Stationery and Printing :—			
Stores for India	11,394	11,850	14,475
Expenditure at the India Office and the High Commissioner's Office, Leave Allowances, etc.	10,668	7,200	8,850
Defence Services (Army, Navy and Air Force) :—			
Home Charges of British Forces serving in India	*– 61,000*	*– 99,975*	*– 90,000*
Sea Transport Charges	462,788	473,100	462,000
Unemployment Insurance	116,281	129,375	106,650
National Health Insurance	39,482	39,525	39,075
Aden Contribution	134,317	150,000	150,000
Contributions under Contributory Pensions Act, 1925	118,325	125,100	143,025
Contribution to the expenses of His Majesty's Ships in Indian Seas	100,369	100,800	100,800
Furlough Pay and Miscellaneous	901,602	910,725	975,000
Stores	757,346	684,150	902,100
Marriage Allowances and Allotments	347,725	356,100	351,000
Retired Pay of British Forces for Service in India	1,213,189	1,202,775	1,227,000
Retired Pay : Indian Services and Family and Miscellaneous (including Military Funds) Pensions	2,445,211	2,517,225	2,234,625
Extraordinary Receipts and Payments	8,809	1,725	1,650
Total	23,247,131	24,353,250	23,491,050
Expenditure by Secretary of State	20,089,974	21,269,775	20,287,575
" " High Commissioner	3,157,157	3,083,475	3,203,475
Total	23,247,131	24,353,250	23,491,050

Expenditure in England not charged on the Revenue of the year :—

Expenditure.	Accounts, 1934-35.	Revised Estimate, 1935-36.	Budget. 1936-37.
	£	£	£
Capital outlay on State Railways	1,396,897	1,295,000	1,290,000
Posts and Telegraphs	249	75	—
Vizagapatam Port	7,576	4,050	20,250
Lighthouses and Lightships	226	375	150
Schemes of Agricultural Improvement and Research ..	—	450	—
Expenditure by Secretary of State	1,337,325	1,232,100	1,228,725
„ „ High Commissioner	67,623	62,850	81,675
Total .. .. £	1,404,948	1,294,950	1,310,400

VIII.—SEA-BORNE TRADE

The figures of Exports from, and Imports into, India of Merchandise and Treasure during 1933–34, 1934–35 and 1935–36, are summarised below. Further particulars are given in the published statements of the Sea-Borne Trade of British India.

Summary of Sea-borne Trade

——	1933–34.	1934–35.	1935–36.
On Private Account.			
	Rs.	*Rs.*	*Rs.*
Exports of Merchandise ..	1,50,66,80,389	1,55,21,54,213	1,64,25,31,884
Imports of Merchandise ..	*1,15,35,70,144*	*1,32,29,12,872*	*1,34,39,11,304*
Net Exports of Merchandise	35,31,10,245	22,92,41,341	29,86,20,580
Net Exports of Gold	57,05,35,961	52,53,74,607	37,35,59,955
Net Imports of Silver	*1,36,593*	*37,17,720*	*1,27,37,740*
Net Exports of Currency Notes	19,41,306	36,89,565	29,04,904
Net Exports of Treasure ..	57,23,40,674	52,53,46,452	36,37,27,119
Net Exports of Merchandise and Treasure on Private Account	92,54,50,919	75,45,87,793	66,23,47,699

Summary of Sea-borne Trade—continued.

——	1933–34.	1934–35.	1935–36.
Government Transactions.	Rs.	Rs.	Rs.
Imports of Merchandise ..	*1,94,75,278*	*2,29,60,405*	*2,40,08,535*
Exports of Merchandise ..	50,34,820	28,17,431	30,76,228
Net Imports of Merchandise	*1,44,40,458*	*2,01,42,974*	*2,09,32,307*
Net Exports of Gold	—	—	—
Net Exports of Silver ..	6,37,08,019	5,77,82,522	1,84,78,602
Net Exports *or Imports* of Currency Notes	—	—	—
Net Exports of Treasure ..	6,37,08,019	5,77,82,522	1,84,78,602

India Office,
23*rd September*, 1936.

R. A. BUTLER.

Printed under the authority of His Majesty's Stationery Office
By Eyre and Spottiswoode Limited, East Harding Street, E.C. 4
Printers to the King's most Excellent Majesty

(375)15134(12801) Wt 624—1377 750 10/36

00134281

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Government of Maharashtra

on 01 February, 2020